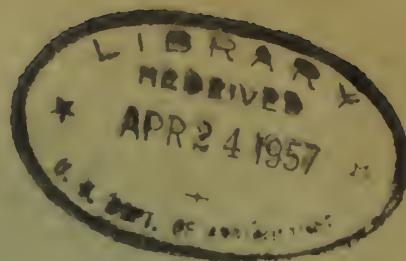


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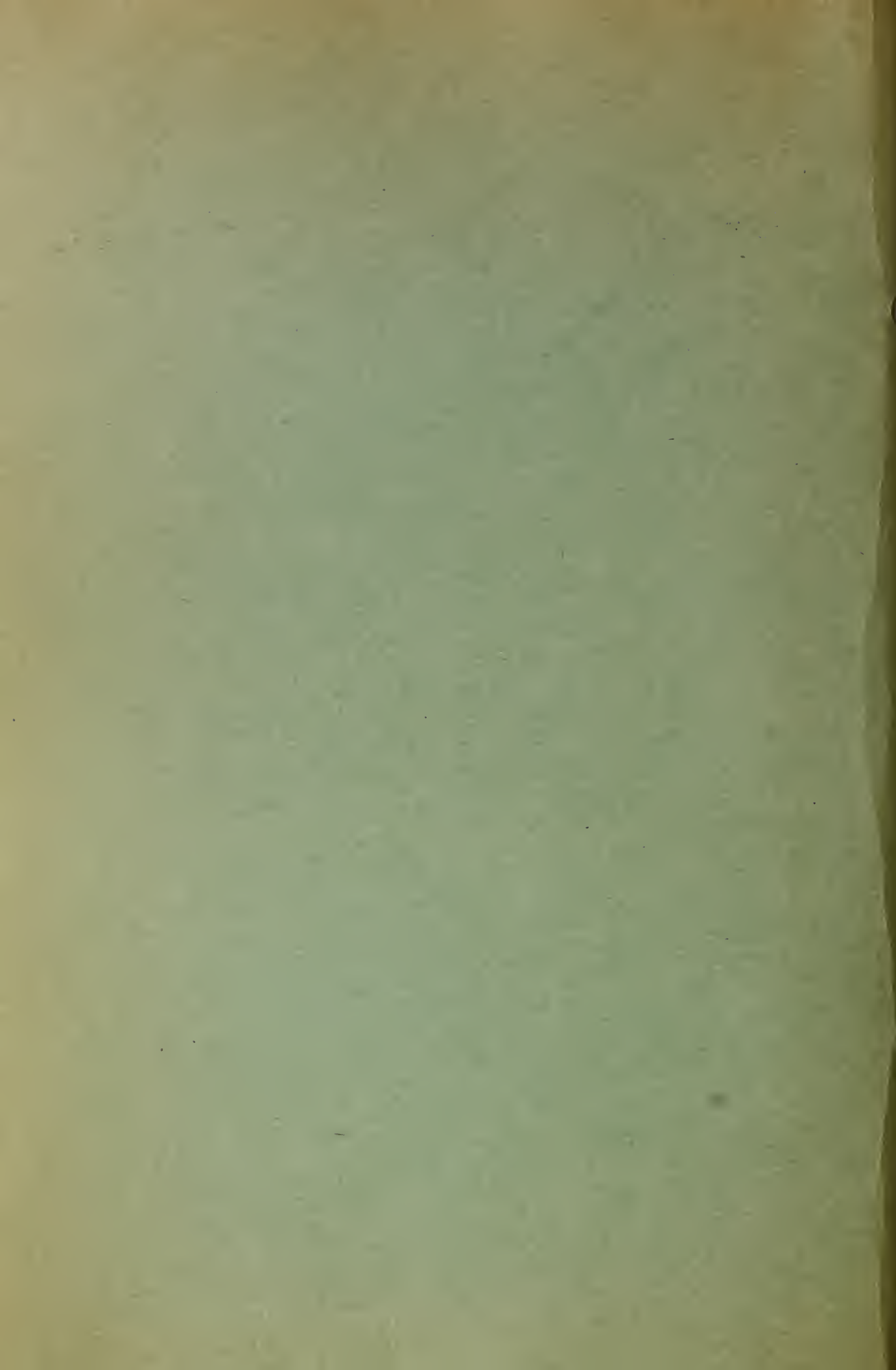
FOREST PRODUCTS SERVICE HANDBOOK

VOLUME 1



IN COOPERATION WITH

THE COMMODITY CREDIT CORPORATION
AND
WAR PRODUCTION BOARD



February 17, 1943

IMPORTANT

The Forest Products Service Program covered by the two volumes of this Handbook is being withdrawn as such. This material is therefore being sent you for informative and historical purposes only. Because it finally became quite evident that the FPS would not be approved, complete revision and clarification of this Handbook was not made. In other words, some of the material included herein would have been modified if the Program as proposed to the President on November 20, 1942, had been approved.

Although this Handbook material will now be of value primarily for historical purposes, it may be that certain sections of it will be of use in case the WFB calls upon the Forest Service to undertake certain projects of the general type originally contemplated under the FPS Program.

The "Table of Contents" lists many subjects that doubtless will be of much interest to various Divisions. For example:

To Forest Management: Use of International Rule
Log Grades by Species
Specifications
Conservation Requirements

To Personnel Management: Training

To Operation: Work Load Analysis - Organization

To Fiscal Control and T.M.: Contracts, etc.

To Successor to F.P.S. - Many other Sections, etc., etc.

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PREFACE

This handbook contains instructions and information relative to FPS policies, programs, and procedures. An attempt has been made to prepare a fairly complete table of contents, but information for a number of the sections is incomplete. Additional data on these sections will be sent as rapidly as possible, as will re-edited pages to eliminate duplications and other harmless but undesirable points the removal of which at this time would delay release of the handbook for immediate use. Other amendments will be issued and corrections made as needed.

A simple method of numbering the pages has been adopted. The Capital letter indicates the chapter, followed by a numeral indicating the page within the chapter. An example: B2 indicates that it is the second page in Chapter B. The page number will appear at the foot of the page.

The title or subject of the chapter is shown in capital letters in the upper right hand corner of the first page of each chapter. Directly underneath is shown FPS - W.O. to indicate that it is FPS handbook material which has originated in the Washington Office. On succeeding pages within the chapter, only FPS - W.O. will be shown in the upper right hand corner of each page. For example, page 1 of Section A is shown as follows:

PURPOSE

FPS - W.O.

On page 2 of Section A, only the following is shown:

FPS - W.O.

Amendments will always be dated in the lower right corner.

Regional Handbook Material

From time to time as the Regions feel there is need for more detailed instructions or supplemental text of a Regional nature, such new material should be prepared on other than white paper, and may be inserted in this handbook in the appropriate place, usually at the end of each Section concerned. So that the Chief's Office may be kept up to date, copies of all Regional inserts should be sent to Washington. Such sections should be numbered the same as W.O. Handbook material with the exception that after the initials FPS on each page the Regional Office will be shown. For example: FPS - R1, etc., etc.

Volume 1

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ACTING CHIEF'S CIRCULAR OF AUGUST 31, 1942

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
WASHINGTON

FPS
SUPERVISION
Program

August 31, 1942

(IN-SERVICE CONFIDENTIAL)

Regional Forester
All Regions

Dear Sir:

Chairman Nelson of the WPB has discussed with Secretary Wickard the possibility of authorizing the Forest Service, and financing it with a revolving fund of \$100,000,000 of Commodity Credit Corporation funds and possibly more later, to undertake a program to stimulate production of forest products needed for the successful prosecution of the war. Presidential approval is not yet assured. Until then all of this should be treated as "In-Service Confidential." In the meantime, however, we must prepare for immediate action if, and as soon as, approval is obtained. To this end copy of the "General Plan" and "Illustrative Examples" of how the program may be carried on, and related material, are attached. These will be followed by more specific information.

You will note that the Plan is an elaboration of the proposal made in the memorandum of May 23 to the Secretary, which was sent you with my "Confidential-Personal" letter of June 6. Since then the inadequate supply of important raw materials has become even more critically serious. Alarming shortages of wood threaten seriously to impede the war effort. Best available estimates show, for lumber alone, that total needs for 1942 and 1943 will, in each year, exceed production by from four to six billion board feet. Dwindling reserves of mill lumber stocks are 35 percent below normal — the lowest of record. Shortages are also probable in cooperage, veneer for aircraft construction, etc. The total deficiency for all forest products will approach the equivalent of ten billion board feet unless corrective action is taken.

I realize, as many of your replies to my letter of June 6 pointed out, that we are headed for serious trouble in volunteering to help out in this situation, but I also sensed in your comments a deep desire to take on a greater share of the war burden — to do what we can to avoid, if possible, another "too little and too late". I believe our offer will be accepted. The resulting challenge will test us, in many ways. The possibilities of the program are, as you realize, breath taking, but I have every confidence we will meet this test — that the Forest Service will carry out the assignment with vigor and intelligence, and with great success.

2-Regional Foresters, August 31, 1942

The extent of direct participation in the program by Regions will, of course, vary greatly as brought out in the attached preliminary schedule. This calls for relatively little to be done directly in some of the Regions at this beginning point, and for an enormous program in other Regions. Changes in allocations will be made as the program develops. In the Regions to which lighter assignments will be made such as Regions 1, 2, 3, 4, and 10, the work may be handled through one of your established divisions. In all other regions the importance of the program is so great that it should be assigned to a new and separate "FPS" unit reporting directly to the Regional Forester, and manned with the very best personnel available, including such specialists and service personnel as needed to insure accurate and fast action, and all completely divorced from all other duties and responsibilities. That is the arrangement under which the work will be handled in this office; Assistant Chief Loveridge being separated from his regular duties and placed directly under me in charge of this new "Service" with a capable staff to assist him.

Our National Forest experience, and experience on the NETSA project suggest that in Regions with a large volume of FPS work best results will be obtained with a territorial rather than a functional organization. This calls for, as in our National Forest organization:

- (1) An R.O. setup for overhead and such specialists as are needed on a regionwide basis;
- (2) Districts;
- and (3) sub-Districts - with scalers, etc. as needed;

the number of such units depending on the increased production assignments which in turn will depend in large part on the number of concentration yards, sawmills, or other volume of work factors in each area or territory. Further details covering this matter will follow. This, however, with the following paragraphs, will give you a preliminary lead for use in planning your personnel and other needs. More than 500 foresters, accountants and others who can handle this type of work will be needed. If possible, therefore, none of our CCC or other personnel qualified to do this class of work should be dropped before final decision on the program is received.

Probably a major reason why the WPB has not as yet proposed to set up its own organization, country-wide, to handle such a program as this is because the Forest Service has some 1,000 field offices already established and would therefore be able to handle the work more advantageously than a new organization, and also because the use of our set-up would avoid the necessity for still another nationwide network of federal offices. With this in mind, and because it is the logical thing to do, it is expected that many of our field units - especially at the Forest Supervisor and Ranger levels - will help in carrying the project forward in zones about their headquarters, with FPS financing any needed fill-in help. These regular Forest Service offices working on FPS will, however, only supplement in most sections the larger number of additional new FPS field offices which will be needed in other sections to carry on the program adequately. In manning the additional offices needed you will of course size up your over-all job load and responsibilities and consider transferring to the FPS project

3-Regional Foresters, August 31, 1942

experienced rangers, assistant supervisors, supervisors, and others of tested outstanding ability whose present regular stations do not happen to fit into the needed FPS network where this can be done without simply "robbing Peter to pay Paul"; with replacement costs to be financed to the extent necessary from FPS funds.

I have been urging for some months past that lists of qualified foresters and others possibly available for employment be assembled in preparation for major projects of this type, and am assured by Personnel Management that rosters of names, with such information as we have concerning qualifications, will be sent you upon request. Early attention should be given by you to this important matter.

Relationships with state foresters' offices will, of course, vary by states depending on many considerations. We are in no position to handle this project on a "cooperative" basis similar to our Section 2, Clarke-McNary work; nor are we, as agents of the Commodity Credit Corporation, in a position to delegate our responsibilities outside of our organization. You will, nevertheless, wish to work as closely as possible with the State Foresters and to that end should doubtless discuss your program with them at a very early date following formal approval. They may be able to give you much help. All of this is true also with regard to relationships with other Federal agencies such as the Extension Service, the FSA, the SCS, etc.; at least having in mind that the Department urges us to consolidate our office quarters with those of other Department of Agriculture agencies in the same locality to the greatest extent possible. Valuable cooperation may be obtained from county and state agricultural war boards. As brought out in more detail in the enclosures, our proposal is "to supplement, not supplant private industry" where the probable needs for emergency purposes are being, and with little doubt will continue to be, met. Much of our main effort in the lumber field will be to stimulate production by smaller mills which have closed down or are running only on a partial capacity basis. Relationships with industry should therefore be cordial if it realizes that and also that the project is being undertaken to remedy a critical national situation. This matter of "relationships" will obviously be a matter of considerable importance in the smooth functioning of the project. Responsibility for it is being decentralized to each of the Regional offices.

You will note in the enclosures that both loan and purchase procedures will be used.

I have, above, asked you to carry on the project "with vigor and intelligence". This will be particularly necessary in those regions having large quotas under the program. Otherwise, the needed increased production will not materialize on the enormous scale expected of us. I am sure, however, that I need not caution you to undertake the work on a sampling basis to start with, and thus give your methods at least somewhat of a test, before plunging the way it is going to be necessary to plunge; and, before long, if we do our share in meeting the total national needs.

4- Regional Foresters, August 31, 1942

Essential to the FPS "action" program is the "Survey of Requirements and Supplies" project which Research has had under way in cooperation with our other divisions for some time. Fortunately the results of that work will provide an excellent basis on which the action program can function. Your continued cooperation in making this Survey project a success will become, with the FPS action program to face, most intimately necessary.

The only additional comment I will make now is to point out that our major objective for the FPS is to increase production of forest products to meet war and essential civilian requirements - on time. That cannot be repeated too often.

In reaching this major objective we must also of course, as a supplementary objective, observe, and have observed by our contractors and others whose actions we are largely responsible for, those Acts of Congress, "directives" from WFB and other authorities, and policies and practices publicly advocated by the Forest Service with the endorsement of the Secretary which affect the field of FPS operations. In other words, we must not - needless to say - be open to charges of failing to operate in full cooperation with other government agencies who have the duty of enforcing these laws and directives; nor of failing to practice what we preach about such important matters as the need for and the feasibility of obtaining reasonably good forest practices on cutting operations.

These supplementary objectives include seeing that:

- (a) The Program is kept financially sound in line with the laws and directives under which FPS is financed. It is recognized there may be occasions on which to gain the major objective losses must be deliberately sustained. However, before doing so advance approval may be required.
- (b) A fair price for forest products is paid and received.
- (c) Wage and Hour Laws, Workmen's Compensation Acts, and similar - or their equivalent - safeguards for workers are complied with.
- (d) Reasonably good forestry is practiced.

The requirement that these and other necessary supplementary objectives are to be observed should be included to the necessary extent (some being general federal laws probably do not need to be included) in all contracts for new production of material for FPS. Early enforcement of such contract requirements should be planned for in your procedures and organization setup. It is recognized that you will possibly not be sufficiently well organized to check on and enforce compliance on all operations at the start of the Program but this should not delay your drive to get increased production under way at once. It is expected, however, that your enforcement operations will become effective as soon as possible so that within about two months from the start of the Program you will be obtaining reasonably good compliance with the supplementary objectives to the extent that they are

5- Regional Foresters, August 31, 1942

our responsibility. In case you find by that time that these requirements will not be met the contracts should of course be cancelled and the desired production obtained from other operations even though this may mean stimulating production in some other part of the Region or transferring part of the Regional quota or goal to another Region where reasonably satisfactory operations can probably be obtained.

Although this letter, in other than its progress report aspects - you should at least have them - may very possibly turn out to be premature, the immensity of the project justifies all the pre-planning that can be given it. The "more specific information" mentioned in the first paragraph of this letter will therefore follow soon in written form, and in personal conferences. You will also, of course, be kept advised promptly as further definite progress is made in obtaining final approval of the program. Until then all of this should be treated as "In-Service Confidential".

Very truly yours,

/s/ Earle H. Clapp

EARLE H. CLAPP,
Acting Chief, Forest Service

Enclosures (3)
Tentative quotas by Regions
The General Plan
Illustrative Examples*

*Not included in this Handbook. They are on file in
Regional Office:

The Problem

Shortages of lumber, plywood, cooperage, and other timber products essential for war purposes already exist or threaten on a scale that may seriously impede the whole war effort. Remedial action is urgently needed to break these bottlenecks and prevent others in the future.

Basically the problem is one of stimulating and facilitating production. Much of the available mill capacity is now idle or only partially used, as illustrated by thousands of small mills in the South.

Unused mill capacity is due to a number of factors: Lack of known and reasonably firm markets; lack of stumpage known to be available; labor shortages for various reasons; lack of credit facilities; transportation problems - involving at times unnecessary cross hauls; shortages in special and other equipment and of materials; lack of knowledge of government procedures; uncertainty due to various causes such as rising costs.

The Main Effort in the Solution

The main effort of the Department to aid in the solution of this problem will be to stimulate and supplement, not to supplant or compete with production by private owners. It will do this by such things as loans or the purchase of stumpage, lumber and other forest products, and such other forms of action as are adapted to the production needs of different forest products in different sections of the country, and finally by the sale of the products acquired in the manner best suited to war needs, etc. The entire effort will be focused as sharply as possible on anticipating and meeting actual and potential war needs. It will attempt to do these things without destroying the forest.

It is not the intention to compete with operations that are meeting production requirements nor in any other manner to interfere with existing adequate production by private operators.

In a general way this effort will parallel in the forest products field what the Department is already doing in the food and fiber field.

The Department will necessarily work in the closest cooperation with the WPB, the OPA, the Army, the Navy, and other war agencies.

Survey of Requirements, Production and Supplies a Prerequisite

Provision for much of the survey phase of the work needed has already been made between the appropriate Divisions of the War Production Board and the Forest Service. Funds have been diverted or ar-

ranged for and the project is now under way. This work includes determination, analysis and correlation of: (a) timber products requirements of all classes.— by location where needed — including general purpose lumber and box material, and special products such as veneer, ship timbers, gun and aircraft stock, etc; (b) current production; (c) available stumpage and other forest supplies; (d) plant facilities and unused mill capacity; (e) related factors. This information, among other things, is essential to anticipate bottlenecks and plan the program.

Action to Stimulate Production

The action to aid in stimulating and maintaining the production needed to meet war requirements will include such things as the following:

(1) The initial, probably continuous, main effort to stimulate production on the most efficient basis will be by making loans, with advances thereunder to the extent necessary, to private operators, or by the purchase of lumber and other forest products. One or the other procedure will be used conditioned on meeting war requirements to best advantage and on protection of the public interest.

Loans bearing interest at the rate of not to exceed 3 percent per annum will be made to operators to enable them to produce an estimated quantity of either rough or finished essential products, with adequate provision for advances from time to time as production progresses for necessary operating expenses, including the purchase of stumpage or logs and equipment and supplies, woods and milling operations, and acquisition or leasing, conversion and expansion; and maintenance of existing equipment and plant in an efficient condition; including the purchase and operation of pools of special equipment. It is contemplated that only small plants would be set up or acquired by the Department. No loan or advance will exceed 90 percent of the appraised value of the collateral securing the loan.

When the purchase procedure is used orders will be placed with individual plants for specified kinds and quantities and at specified prices, to be ear-marked for storage, delivered to specified concentration yards, or disposed of otherwise as conditions warrant. The placement of orders, and fixing of delivery points, will be carefully correlated with actual or prospective war needs, available stumpage, unused mill capacity, need to save rubber and to lighten the transportation load, possibility of encouraging portable mills to move to better locations, availability of labor, and localities where the product will be needed.

Standing orders, open to all operators within reach, may be placed for delivery to these central points, or the entire mill run output of specified plants may be taken. This will be a very effective stimulus to small operators.

In addition to meeting current demands, it may be advisable and possible to develop stock piles for lumber and other products by foreseeing and purchasing to meet prospective war demands to a much greater extent than it has been possible to do through existing action agency orders. If it develops that the mark has been overshot, surplus supplies can later be disposed of for civilian or post-war use.

(2) Provide for the needed flow of raw material to mills. To a relatively small but important extent this may require the purchasing of stumpage, or logs. It may also in a relatively few situations require the handling of logging by contract or otherwise. Submarginal production would be financed only when necessary to meet war requirements which apparently cannot otherwise be met. The first work of this kind will be undertaken in the South, East, and Lake States, and elsewhere as mutually agreed upon with the Lumber and Lumber Products Branch of WPB, and will include the manufacture and use of logs from farm woodlots. A second phase would involve the stimulation of the production of little-used species such as White fir in California and elsewhere, larch in the Inland Empire, and lodgepole in the Rocky Mountain States, subject to prior approval, as above, by WPB.

(3) Utilize suitable National Forest stumpage, and stumpage remote from established plants, by such actions as stimulating road construction, and by arranging for the purchase or transfer of plants which in rare instances may of necessity have to be leased or operated.

(4) Labor shortage difficulties will be lessened in such ways as: (a) Stimulating production in localities where labor is relatively available. (b) Making more efficient use of labor through providing machinery such as power saws, and by better organizing and equipping crews. For example, a single ground crew can commonly set chokers for more "cats" than they do. (c) Advising with WPB in the Department's program of limiting production of non-essential wood products thus releasing labor for higher priority work needs. (d) Assisting the responsible agencies in their studies of the net wage problem and in their efforts to prevent or diminish further losses of labor. (e) Co-operating with appropriate public agencies in having the relative urgency of manpower for forest products manufacture given full consideration in draft deferment orders, and in any National labor freeze orders that may be developed. (f) Encouraging the further employment of women on work from which men may thus be released for jobs that require great physical strength such as logging and milling. (g) Promoting training schools for various types of needed labor.

(5) Equipment shortages will be mitigated in such ways as: (a) Determining where equipment is adequate or may be made so with minimum demands for critical materials, and by placing orders in those localities. (b) Undertaking to put unused or partially used mills and other equipment into increased production, and if necessary to provide equipment of various types to meet special needs. (c) Facilitating optimum priorities by WPB. This to be done through the

opportunities available for objective consideration of requirements on a national, regional, and local basis.

(6) Transportation difficulties will be relieved by stimulating production where timber is most accessible to manufacturing plants, by moving plants to the timber, by minimizing cross hauls, and in numerous other ways.

Sale of Forest Products

The lumber and other forest products produced by operators to whom loans are made or from whom products are purchased will be sold to the War and Navy Departments, the Maritime Commission, "Lend-Lease", to corporations with war contracts, and otherwise consistent with standards and policies determined by WPB to be best suited to meet war and related needs in the broad sense. Products subject to a CCC lien will be sold only with the consent of the FPS.

Forest Conservation

Forest conservation will be promoted by careful location of purchasing centers and distribution of orders in correlation with suitable stumpage supplies. Also as far as found feasible, by requiring satisfactory woods practices in connection with purchase contracts. The Forests of the United States as a whole and those of many forest regions are being over-cut. It is particularly important therefore that destructive cutting which will impair future productivity be eliminated.

Organization and Financing

Commodity Credit Corporation will utilize not to exceed \$100,000,000 (exclusive of administrative expenses) of its funds on a revolving fund basis, for the purpose of the proposed program. In order to take full advantage of the field organization and technical competence of the Forest Service, it is proposed that the Commodity Credit Corporation administer the program through the Forest Service. A Memorandum of Understanding establishing and defining this relationship will be entered into between the two agencies. Except for the requirements, production, supplies survey which has already been arranged for the responsibility of the Forest Service under the program will be centered in a new Forest Service unit called the "Forest Products Service".

In view of the limitation upon the amount of Commodity Credit Corporation funds available for administrative expenses and the present extraordinary demands upon such funds, it is proposed that funds necessary for administrative expenses be obtained either from the WPB or from the President's emergency appropriation fund.

Plan for Procurements by and through FPS for F. Y. 1943 (lumber only)

The plan of action for the next twelve month period contemplates some such program as the following: (This is based on best available data and is subject of course to early approval of the program and to revision as needed. The increased production of lumber will come primarily from small mills in the South which have closed down or are operating part time.)

Construction lumber	3.0	billion	board	feet
Boxing and Crating	2.5	"	"	"
Army truck body, ship timber, gun stock, cooperage stock, etc. ....	.5	"	"	"
TOTAL	6.0	"	"	"

In addition, particular attention will be given to sources of supply and manufacture of war specialty woods such as Sitka spruce, Noble fir, and western hemlock for aircraft; Birch in the Lake States and Yellow Poplar in the South, under the Conservation Orders issued or to be issued by WPB.

Fuelwood will be produced to substitute for oil and coal especially in the Northeast.

Log supplies will be supplemented as needed.

Miscellaneous other critical forest products will also be obtained, including tight and loose cooperage, handle stock, etc.

PURPOSE
of the
FOREST PRODUCTS SERVICE

FPS - W.O

(As indicated by Production-Requirements Outlook
for Calendar Year 1942 and 1943)

Foreword

The Forest Products Program[#] is being undertaken at the request of the War Production Board and the Secretary of Agriculture, with the approval of President Roosevelt. Assignment of this major project to the Forest Service will permit the Service to contribute the trained services of its personnel on a job of vital importance to our war effort. At the same time, it places a tremendous responsibility on the Service for the effective accomplishment of the objectives of the FPS.

Since 1940 the volume of wood products required for our war and essential civilian use has steadily increased. On the other hand, although our production of wood products increased from 1940 to 1941, it is decreasing in 1942 and a sharper decrease in production may be expected in 1943. The tabulation on the next page summarizes this situation as of August 1942. Both production and requirement estimates will need to be revised from time to time.

Although the war demand for lumber decreased materially after the first year's rush of cantonment building the steadily increasing use of wood to replace metals, and other demands have tended to maintain, and in some cases greatly increase, the present and expected future demand. The gap between 1943 production and requirements of lumber is estimated to be 5 billion board feet or 15%, but the deficit ratio with respect to aircraft lumber, veneer and plywood and many other special products, may be many times greater. Transportation difficulties resulting in an inadequate supply of fuel oil, and possibly also of coal, in the northern states, especially the northeastern states, may necessitate the FPS stimulating the production of several million additional cords of fuelwood.

[#](For a statement on the policy, objectives and the general plan of the FPS, see the Acting Chief's letter of 8-31-42 and related material in the front of this Handbook.)

(ESTIMATED REQUIREMENTS AND PRODUCTION, 1941 THROUGH 1943)^o

	1941	C. Y. 1942			C.Y. 1943	
	Production	Requirements	Est. Production	Est. Deficit	Requirements	Deficit ^{oo}
Lumber MM B.F.						
(total)	35,716	39,421 ^{1/}	33,000	5.4	36,060 ^{1/}	5.0*
Army & Navy Constr. Bil. B.F.	4.3	11.0			9.5	
Boxes & Crates Bil. B.F.	5.3	8.0			11.0	
Civilian Constr. Bil. B.F.	22.3	15.7			10.9	
Factory uses	4.1	4.3			4.2	
Other	--	.4 ^{2/}			.5 ^{2/}	
Pulpwood M cds.	14,409	15,671 ^{3/}	13,437	--	12,270 ^{3/}	--
Veneer logs, Mil. B.F.	1,459	1,788	1,678	110	1,877	199
Fuelwood M cds.	70,000	75,000	75,000	--	85,000	10,000
Fence posts MM pcs.	350	400	400	--	320	40
Mine timbers (rd) MM CF	200	250	250	--	250	--
Cooperage Mil. Cu. Ft.	162	217 ^{3/}	217	--	333 ^{3/}	116
Shingles M squares	7,000	10,000 ^{3/}	7,000	--	7,000 ^{3/}	--
Cross ties-hewn, MM pcs.	30	20	20	--	24	4
Misc. Logs MM B.F. ^{4/}	600	504	504	--	504	--
Poles Mil. Pcs.	5.7	3.8	3.8	--	5.8	--
Piling Mil. Pcs.	1.6	1.1	1.1	--	1.6	.5
Distillation & tanning M cds.	1,300	1,600	1,600	--	1,900	300

^{1/} Includes 1,000 M bd. ft. net imports each year.

^{2/} Includes 2,254 M cds. 1942 imports, and 1,404 M cds. 1943 imports.

^{3/} Includes 3,000 M squares imports each year.

^{4/} Includes also export logs and excelsior bolts.

*Unless aggressive steps, production may be 30 billion bd. ft. or less. Production of 35 to 40 billion B.F. believed feasible within ok labor & equip. pattern.

Lumber needs for 1943 based on present scheduled military needs; plus civilian needs 40% under actual use for 1941, but some 5 billion this is not absolutely essential.

The figures omit a probable offsetting 5 billion for such as:

*1. Further military; wooden ships; airplanes, etc.

*2. Replenishing lumber stocks for unforeseen needs.

*3. Unusual catastrophes, viz; bombing.

*4. More use wood products to conserve metal.

Stocks, beginning 1942 - 16.4 billion B.F. This is 30% below should be.

Source: Estimated requirements and production "August" 1942.

R.P. & S. "Mimeo. Statement". Subject to current revision.

^{oo} Estimate based on continuation of 1942 production rate.

Wood is now classed as a "critical" raw material with rubber, steel, aluminum and copper. Failure to produce the essential amount of wood products needed will disrupt our war effort. All available facts indicate the present shortage of essential wood products such as aircraft material, white oak, ship timbers, etc., not only will become much more critical, but shortages of many other wood products such as construction and boxing lumber will become increasingly serious unless adequate stimuli by such a project as the FPS are made available and applied promptly and effectively.

The primary purpose or objective of the Forest Products Service is to stimulate an increased production of forest products to meet war and essential civilian needs - on time. It is to do this without competing with satisfactory and adequate production by private industry.

The FPS undertaking will involve obtaining the output of wood products which normal business cannot, or does not plan to produce. The FPS will stimulate production of critical forest products which the nation must have to prosecute the war most effectively, and which otherwise are not expected to be produced - at least in the time needed. It will handle one of the toughest segments of the essential forest products war production job. It will be responsible for accomplishing the job, to the maximum extent practicable in accord with financially sound policies and procedures which will permit the return with interest of the operating fund uses. It will be responsible that its resultant operations are conducted with due consideration of applicable federal and state laws, and so that a fair price may be paid and received for the forest products involved.

A supplementary objective of far-reaching importance, calls for the conservation of the forest resource involved. The operations of the FPS must not, for example, add unnecessarily to the devastation of our forest resources. (See Section Q).

The conservation portion of the FPS job will, of course, by demonstration, educate forest land owners, logging and milling operators, and middlemen with whom it will deal concerning the benefits to them, as well as to the general public of proper economic cutting diameter limits, and other conservation practices.

Many of the products obtained by the FPS will be on a log, or lumber, grade basis in areas where log or lumber grades have not been commonly recognized. The FPS project will also make possible demonstrations of the suitability of many so-called

inferior species for varied uses, such as white fir for boxing material, or larch and lodgepole pine for many construction uses previously limited through demand to ponderosa pine or Douglas fir. The future benefits and value of such new uses for these inferior species can hardly be overestimated. It will likewise make possible a large scale demonstration of the value of and benefits from a fair and uniformly accepted log scale in buying and selling logs.

Fair Minimum Prices

To insure, as far as possible, that the land owner receives a fair price for the stumpage, logs, etc., utilized by the FPS, minimum log, and possibly stumpage, etc., prices will be established in connection with FPS agreements for compliance by the purchasers of the products concerned. Minimum stumpage prices when established will be correlated with hauling or transportation costs. See the special contract clause covering this point.

In summarizing, the main purpose of the FPS is to insure the production of vitally needed wood products for our war effort and for essential civilian needs which will otherwise not be available when needed. Supplementary thereto, the FPS will be obligated to accomplish this nation-wide job on as financially a sound basis as practicable, and without unnecessary injury to our forest resources. It will provide the opportunity to educate large numbers of forest land owners, operators and forest product buyers as to the value of economic diameter limits, and of log and lumber grades, and thus of forest management, including the need to leave the stand in reasonably good shape. It will be able in many cases to demonstrate the benefits of utilizing a more accurate log scale. It will have its operations carried on with full regard for good labor practices, and will go far to provide fair market prices and other aids to forest farmers and other producers of forest products.



AUTHORIZATION
and
GENERAL POLICY

(See Section X for more detail)

FPS - W.O.

The FPS is authorized to procure, produce, store, and sell forest products in the form of stumpage, logs, rough or finished lumber or special wood products in any degree of manufacture. This authorization is included in:

- (1) A letter from the President to the Secretary of Agriculture.
- (2) The plan for a "General Forest Program" which was approved by the President.
- (3) The Memorandum of Understanding with W.P.B.
- (4) The Memorandum of Understanding with the CCC.
(copies of the above data are in the appendix)
- (5) The main "Docket" and supplemental major product "dockets" as approved by the CCC and the Secretary of Agriculture.

The FPS will function as an agency of the Commodity Credit Corporation. This agency of the Department of Agriculture has authorized the expenditure by the FPS of an initial operating fund of one hundred million dollars, which will be utilized as a revolving fund in accomplishing the FPS project. Payments from this operating fund will be made by the local Federal Reserve Bank on authority of Forest Service approved documents. (See also Section X.)

The operating or CCC funds will be used to finance on a contract basis, purchases, loans, etc., of the actual production and processing of the wood products produced in whole or in part by the FPS. These funds will not, however, be used to pay so-called "administrative expenses." (See Section X for definitions)

Scaling, grading or other measuring of forest products received by the FPS for purchase or security, or owned by the FPS, will be paid for as follows:

1. A provision has been made for use in FPS purchase, sale and loan contracts for a retention or so-called "Hold Back," which is a definite amount either in percentage of

the loan or price per M from the contractor's account for the purpose of paying for certain operating expenses such as scaling, grading, etc. Personnel employed by FPS for this purpose will be paid from a "Trust Fund" established as an accounting facility for expenditure of ~~the~~ retention or "Hold Back" funds. (Instructions covering the fiscal procedure in handling this fund are covered in Section X).

For example, on a contract calling for the purchase of, or a loan on, logs or lumber at the rate of \$25 per thousand board feet, (with this price including an estimated scaling, etc., cost of 75¢ per M) a clause in the contract or agreement might specify that 3% of each payment or loan advance, or 75¢ per MBM scaled, would be retained as a "Hold Back" by the FPS to pay the operating expenses involved. These payments of 75¢ per thousand board feet would then be deposited to the Trust Fund and made available for payment of scaling, delivery or similar costs of the project.

2. Payments into the "Hold Back" Trust Fund are pooled but if there are insufficient Trust Funds collected or to be collected under existing contracts to cover the full cost of these extra measuring or operating costs, then the balance of this cost would of necessity be paid from the Administrative Fund.

3. By Administrative Funds.

4. If the application of the above procedures appears impracticable, then it will be the practice to insert in each applicable loan or purchase agreement that the measuring, scaling, grading, etc., of the material in question will be done by the seller or borrower employing a scaler, grader, etc., certified by the FPS. In this case the FPS will train scalers, graders, etc., from administrative funds, but will have them employed by the sellers or borrowers in somewhat the same manner as forest product marketing associations provide "certified scalers or graders" for their members in selling lumber. This will not preclude having the seller or borrower use regular association scalers or graders when such a procedure is deemed desirable by the FPS.

Procedure 4 is mentioned to show possible action if funds are not available, or are insufficient to finance the work under procedures 1, 2 or 3, or for exceptional cases necessitating other than usual procedure. In some cases

procedure 4 may be needed to supplement scaling or other costs paid partly from other funds.

In case the logs are from National Forest land every attempt will be made to coordinate the scaling so that only one scale by the Forest Service personnel is needed relative to the same material.

Administrative expenses such as the salaries and expenses of the FPS personnel in Washington, Regional, Area and District offices; rent for their quarters; equipment for use by these men; etc., will be paid for from administrative funds. Training work when done directly by the FPS, will also be financed by administrative funds, as will all force account production activities.

While the general plan for the functioning of the FPS has been approved by the President, an individual plan or docket will be approved by the CCC and the Secretary of Agriculture before action is taken by the FPS relative to each major forest product. Thus under the authority of the general plan, a special plan or docket will be prepared for major activities, such as those dealing with lumber, pulpwood, veneer, cordwood and miscellaneous products before actual contracts may be undertaken. (See Sections C and X)

In connection with the broad authority to "procure, store, and produce" forest products, the FPS is authorized, as outlined in "The Plan for a General Forest Products Program":

- (a) To assist in obtaining and training labor (see Sections D and Y)
- (b) To stimulate essential road work (see Section D)
- (c) To obtain for "pool" use bottleneck equipment (see Section D)
- (d) To lease, contract or purchase, and if necessary operate concentration yards, log and lumber storage yards and milling facilities (see Section D)
- (e) To make use to the extent practicable, of National forest stumpage (see Section D)

The FPS does not have authority to condemn real or personal property for FPS use. Under authority of Section 201 of Title II of the Second War Powers Act, 1942 (Public Law 507, 77th Congress), the President may authorize the condemnation of such property if deemed necessary for military, naval, or other war purposes. Authorization to condemn will be requested by the Acting Chief of the Forest Service only when every method of voluntary settlement has been tried and found unsuccessful. In such cases, if any, the FPS will make suitable recommendations to the proper authority to obtain the action each case necessitates.

The FPS does not have authority to close down, in whole or in part, operations using essential wood material to produce non-essential or less essential products, but the WPB does have such authority. Cases needing production restrictions should be investigated and reported promptly to the Chief's office for appropriate action by the War Production Board.

The FPS may sue or be sued for contract liability. It is doubtful, however, whether it can be sued when the claim is not based on contract, or whether it can be subjected to attachment, execution or garnishment process under the laws of the State in which it transacts business. When anyone files a claim against the FPS or when a contractor violates his agreement with the FPS, the entire matter should be reported promptly to the appropriate regional law officer through appropriate administrative channels.

Timber products or other property owned by the FPS and loans made by the FPS are not subject to local or state taxation during the FPS period of ownership or loan. Collateral owned by the borrower is however subject to usual taxes.

Real Estate Taxes. If any local authority suggests that taxes should be paid on FPS property, the matter should be referred to the Regional Forester.

The general policy of the FPS, as emphasized in the Acting Chief's circular letter of 8/31/42, is to supplement the existing production of wood products to the extent needed for war and essential civilian use. It will limit its operations to those measures necessary to cause the needed augmented production. In most cases, in order to obtain the needed volume of a specific product, it will be necessary, however, to make loans and to purchase and sell the product in several forms, such as stumpage, logs, rough and finished lumber, etc. A rapid turnover of products obtained by the FPS will be very desirable, except when the material is obtained for specific stock-pile purposes.

The purchase of stumpage by the FPS ordinarily will be limited to trees for immediate utilization. Stumpage appraisals and values paid will not include residual stand or land values.

The FPS will employ women in every job they can handle satisfactorily, and will encourage the employment of women whenever practicable by operators, to release men for jobs women cannot handle.

The FPS will urge utilization of so-called "inferior" species whenever such species are determined to be suitable for the use involved.

Conservation Practices (see also Section Q)

FPS contracts covering material not yet cut will provide for the application of forest practices which will prevent undue injury of the resource. Otherwise, contracts covering material not yet cut will be entered into only when:

- (1) All other avenues of production have been adequately examined and found impracticable, not only in the District concerned but in other Districts or Regions, and then
- (2) The contract concerned will be for the minimum period necessary to obtain the volume of output which must be made available before other more satisfactory arrangements can be made.
- (3) Advance approval of the undertaking is obtained from the Washington Office of all such contracts, excepting infrequent ones of less than 500 MBF which may be approved when justified by the Regional ~~Director~~ (see also Section Q)

Forster

Return of capital investment. It is an important aim of the FPS to return to the CCC the entire operating fund with interest at the rate of 3% per annum on advances, loans, or other authorized uses of the funds. (See Memorandum of Agreement with the CCC in the Appendix.) To accomplish this objective each transaction of the FPS must include full consideration of the obligation to return the money with interest to the Government. The necessity of obtaining full financial returns plus interest of the operating funds invested will refer to the average transaction of any administrating unit during a reasonable period of time. It

can be assumed, at least for the present, that the war and war prices will continue. (See also Sections R and X) Where conditions justify and necessitate transactions with a foreseen financial loss, advance approval of such action must be obtained from the Washington Office. In such cases a brief report outlining the project, the expected costs and returns and the justification for the financial loss involved should be submitted to the Regional Director for review. If he approves, he will so indicate and will submit to the Administrator with any supplementary explanation deemed necessary.

Sawing of FPS logs will ordinarily be contracted, and only when a reasonably efficient and economical operation is otherwise impracticable, will sawing be done by the FPS on a force account basis if applicable appropriations become available. Maximum sawing contract prices will be determined on the basis of a cost appraisal of the individual operation concerned. The appraisal will be based on an efficiently handled operation and will allow a reasonable margin of profit for the operator. (See also Section K)

Force-Account Work. Legal restrictions on the Capital Funds necessitate the financing of force-account work from the Administrative Fund. (*See Section X, page 1-2*)

Duration of loans, purchases and other transactions shall always be held by the FPS to the shortest possible period and still obtain an efficient and economical operation. Rarely will contracts cover a period of more than 12 months. No FPS purchase or loan agreement will exceed a one year period without prior approval of the Regional Forester, or exceed a two year period without prior approval of the Administrator. (See also Sections F, G and X) The duration of loans and other forms of contracts is of course always subject to Congressional action on the life of the CCC.

The procurement programs will be based primarily on the findings of the requirements division of the Forest Service and resulting recommendations of the WPB. Allocation of the procurement job will be made to the Regions by the Washington Office of the FPS on behalf of the Acting Chief of the Forest Service. The accomplishment of the procurement job will be decentralized to maximum degree. (See also Sections D, E and X.)

The sales or marketing portion of the FPS project at the start must necessarily be centralized. The sales program will be formulated in close consultation with WPB. No sales of products should be made unless in accord with authorizations to be given each Region by the FPS Administrator, acting for the Chief

of the Forest Service. (See also Sections R and X)

The FPS, in stimulating production of certain essential items, will unavoidably acquire at times so-called 'by-product' material, which may not be needed for war or for vital civilian needs but which will be available for other markets and uses (See 'Specific Product Quotas' and 'Stock Piles', Section E). Maximum ingenuity will be utilized in determining the possibility of using these products in war or essential civilian efforts to substitute for other products not equally available. The advice of the Forest Products Laboratory will, of course, be obtained prior to recommending such substitutions. The greatest ingenuity will also be needed to seek out other markets for FPS material which cannot be utilized in the war and associated efforts, so that it may be marketed at the most favorable prices. (See also Section R.)

Specific sales authorization will be given each Region as rapidly as the need for regional and local sales develop. (See also Sections R and X.)

Wages and Hours Law - 8 Hour Law - and other applicable laws.

Contractors or subcontractors operating in fulfillment of FPS contracts will be required under the 1940 amendment to the 8 hour law to pay time and one-half for work performed by their employees in excess of 8 hours in any one calendar day. However, lumbering operations performed by a farmer or on a farm as an incident to or in conjunction with his farming operations, including preparation for market and delivery to storage or market, are exempted from the provision of the Fair Labor Standards Act of 1938. Use of this exemption, however, must not be permitted in such a way as to violate the spirit and apparent intent of the Act. Our appraisals, floor prices, etc., should of course be based on not less than Wages and Hours Act requirements. (See also Sections U and X.)

When the FPS directly conducts an operation, it shall be the policy to meet, so far as legally possible and reasonable, the most favorable general standards respecting wages, hours, and other conditions of employment existing in the region of such operation. Under existing laws the FPS cannot require or permit laborers or mechanics employed by it to work more than 8 hours in any calendar day, except in cases of extraordinary emergency, or to pay for overtime by any employees. (Compensatory time, not pay, may be allowed only for work required to be performed in excess of 4 hours and not to exceed a total of 8 hours on Saturday.) Instructions in effect on this subject with regard to regular Forest Service activities apply equally well to FPS employees.

Civil Service Requirements (See Section S)Office Space

The FPS will utilize Forest Service, other Department of Agriculture and other governmental office facilities to the extent practicable and mutually satisfactory. Individual arrangements will be made by the Regional Forester relative to use by the FPS of Supervisors, Rangers, or similar offices or accommodations with the FPS contributing its fair share of rental or maintenance costs.

The FPS will utilize the International 1/4" log rule in scaling its logs in Regions 7, 8, and 9. The Scribner Decimal C log rule will be used by the FPS in Regions 1 through 6, and 10. All FPS log contracts will specify the appropriate log rule as indicated above will be used, except in special cases relative to National Forest sales. The Forest Service is authorized to use either of the above log rules and in Regions 7, 8, and 9 national forest logs sold to the FPS, or to FPS contractors, will be scaled by the International 1/4" log rule to the extent possible. Instructions in the National Forest Scaling Handbook will apply. Arrangements should be made in advance to that scaling by National Forest or FPS personnel may be utilized, and will be accepted, by both agencies. (See also Sections F and J.)

National Forest Administration and FPS (See Section D Par. h.)

A close working arrangement is required to avoid getting wires crossed inadvertently. For example, proposals from a Region to increase lumber production by exceeding sustained yield, opening new territories, or other features involving timber management policy questions, whether connected with FPS or otherwise, would obviously require the approval of NFA, and care, of course, should be taken that correspondence involving such matters is handled accordingly. All such matters should be taken up with Timber Management and all letters involving matters which Timber Management should see should be routed through that Division. This will both avoid confusion and enable both outfits to work together to their mutual advantage.

Where there is overlapping of national forests and ranger districts with FPS areas and districts and there exists a separate FPS branch of organization (as will be the case in many areas where FPS is a major activity), ordinarily there will be a distinct line of responsibility for each respective field of work. Each group has a mutual responsibility in such situations for a cooperative relationship that will facilitate accomplishment of the objectives of both the FPS and national forest programs in their respective geographic areas. In matters which are within their level of authority and responsibility, area foresters will deal directly with forest supervisors, district forest managers with district forest rangers, and vice versa, subject to such special instructions as may be issued by the Regional Forester.

Research and FPS.

Both in the Regions and in the Washington office close cooperative working relationships between the Research and FPS Branches are essential to the success of the FPS program. This is especially true as regards FPS and RPS.

RPS has on hand and is currently gathering data on the pro- and requirements situations which will be invaluable in the organization and presecution of the FPS program and in determining the kinds and specifications of forest products needed. Likewise, FPS personnel, as the program develops, should be in position to aid in the collection of data needed in RPS surveys. Pooling of information and correlation of activities in these fields of work will be mutaully beneficial.

Appeals From Administrative Action

An appeal may be taken by any interested person from any administrative action or decision by filing with the officer who took the action or rendered the decision a written request for reconsideration thereof or such person may file a notice of appeal. Administrative action or decision shall be binding upon the party or parties in interest unless an appeal is taken therefrom within 30 days. The decision appealed from shall be reviewed by the immediate superior of the officer by whom the decision was rendered; that is, in the following order: District Forest Manager, Area Forester, Regional Forester, Chief of the United States Forest Service, Secretary of Agriculture.

Unless the written notice of appeal contains an acceptable reason for allowing a longer time for the preparation of the case, the appellant shall file within 10 days after date the notice of appeal is received a statement or brief setting forth in detail the respects in which the action or decision from which appeal is taken is contrary to or in conflict with the law, the contractual provisions involved, or the ascertained facts. Upon receipt of such statement or brief, the officer from whose action or decision the appeal is made shall prepare a statement or brief reviewing the case and presenting the facts and other considerations upon which his action or decision is based. The two statements or briefs, together with all papers comprising the record in the case, shall then be transmitted to the officer to whom the appeal is made, who will thereupon review the case and advise both the appellant and the subordinate officer of his decision.

The Forest Products Service is an administrative unit within the Forest Service, functioning as agent of the Commodity Credit Corporation. It operates as a separate unit of the Forest Service, under the general direction of an Administrator on behalf of the Chief, Forest Service. It is immediately responsible for the administration of the FPS program which is financed by the Commodity Credit Corporation of the Department of Agriculture. The FPS operates as a separate unit of the Service, both in the Washington Office and in those Regions where the work load justifies such action. In Regions where the FPS work load does not justify a separate divisional status, it operates through existing Divisions of the Regional Offices. Within each heavy work load Region the FPS will operate through Area units and if the work load requires, it will work through District units. Such region wide or area wide specialists as may be needed will be attached to their respective offices.

The maximum basic organization consists of four levels of supervision namely: The Chief, the Regional Forester, the Area Forester, and the District Forest Manager. The number of these levels in each Region will of course depend on the volume of work. The organization and functions of each of these organizational units are outlined later in this Section. It is emphasized, however, that the positions indicated in each of these organizational units will be established and filled only as the need - usually determined by job load analysis - fully justifies such action.

The actual FPS organization will start on a small scale, with partial coverage of the area in one or more Regions. In reviewing the suggested organization, it should be remembered that the FPS must be a highly flexible organization, able to make rapid changes to meet fluctuations in its work load. For example, a special demand for an increased lumber output in a Region where the augmented production will come primarily from small mills may necessitate heavy staffing with sawmill layout and operation, and dry kiln specialists. A demand for a large increased production of birch airplane veneer material may justify special staffing of the FPS Lake States and Northeastern Regions with airplane log and veneer specialists.

Use of Women The FPS will employ women on as many jobs as possible. They should handle a very high percentage of office jobs, and many semi-technical field jobs such as log scaling and lumber tallying, as well as other operations not requiring a major degree of physical strength.

Use of Regular F.S. Personnel The FPS will utilize to the extent needed and practical, the facilities and personnel of the Forest Service. This will be especially true in the Washington and Regional offices of the FPS in the utilizing of Service units such as personnel, operation, engineering, I&E, etc. Research will continue to render valuable aid.

The fiscal organization of the FPS is presented separately later in this Section.

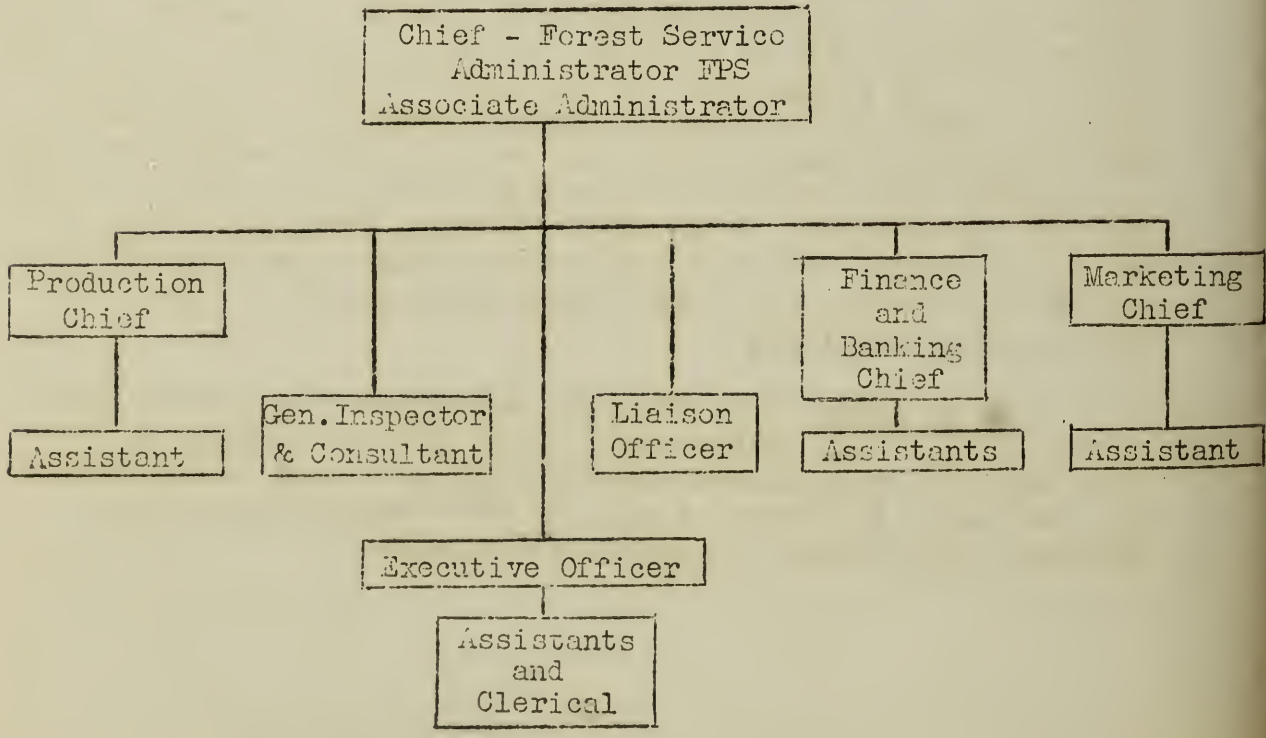
Chief's and Administrator's Office

The Chief's Office is responsible for all FPS activities. In order to secure proper handling of the work the Chief has appointed an Administrator to head up all FPS activities. The Administrator is assisted by a staff of qualified men, each in charge of definite activities or lines of work.

The FPS Washington organization will be small in number. It will be responsible for general leadership, policies and plans, liaison with other governmental agencies at Washington, allocation of procurement and marketing programs between Regions, inspection and coordination of the FPS activities from a nation wide basis, and presentation of the needs of and work by the FPS to Congress, the Budget Bureau, the Department and the CCC. It will supply vigorous leadership and coordination, and at the same time render sympathetic service to the men in the field charged with the actual job of attaining the FPS objective.

ORGANIZATION CHART
CHIEF'S OFFICE

staff
level



Administrator

The administrator is responsible to and reports directly to the Chief, Forest Service. The Administrator is responsible for and has charge of the over-all activities of the Forest Products Service.

To fulfill this responsibility he is given a Washington Office staff, and (through the Regional Forester) Regional, Area and District staffs in the field organization to aid in the administering of this Program. He is responsible for general leadership, formulating and administering all major policies and correlating all activities of the organization.

Associate Administrator

The Associate Administrator assists the Administrator and when directed assumes all the responsibilities and authority of the Administrator in the over-all administration of the program.

Production Chief

The Production Chief reports directly to and works under the supervision of the Administrator as a member of his staff. He is primarily responsible for formulating and recommending to the Administrator policies, plans, and programs for accomplishing the over-all production goals of the project. He is also responsible for obtaining the needed stumpage, logs, lumber, etc., and for the storage, protection, or manufacturing or processing of such products, including correlating production activities, and allocation of production quotas, between Regions.

Marketing Chief

The Marketing Chief reports directly to and works under the supervision of the Administrator as a member of his staff. He is primarily responsible for formulating and recommending to the Administrator policies, plans, and programs for the marketing of all lumber and other forest products under the Forest Products Service program, and for the accomplishment of the marketing objectives of the entire nationwide project. He is responsible for all marketing activities in Washington, D. C. where much of the marketing to government agencies will be done.

Banking and Finance Chief

The Chief of Banking and Finance reports directly to and works under the supervision of the Administrator as a member of his staff. (For a more detailed statement see page C 14.)

General Inspector and Consultant

The General Inspector and Consultant reports directly to and works under the general supervision of the Administrator. His work is primarily in the field. He inspects FPS activities to correlate standards and activities between Regions and between the Branches or Sections of FPS. He is responsible for developing methods, standards, and frequency of over-all inspections and for coordinating inspection work on a nation-wide basis. He also investigates for the Administration complaints appealed to the Chief's Office, and assists the Regions in devising ways and means to prevent conditions which may cause justified complaints.

Liaison Officer

The Liaison Officer reports directly to and works under the general supervision of the Administrator. His work is primarily in Washington. He maintains close and frequent contact with wood procurement and wood using agencies of the government, and with National organizations of the timber industries and labor. He obtains from these contacts needed information for FPS and furnishes pertinent information concerning the programs and activities of FPS. He represents the Administrator at many conferences of government, industrial or labor organizations in Washington which are of interest to the FPS, but do not require personal attendance by the Administrator. He keeps the appropriate staff officer intimately informed concerning information from other organizations which will be of value to his activity.

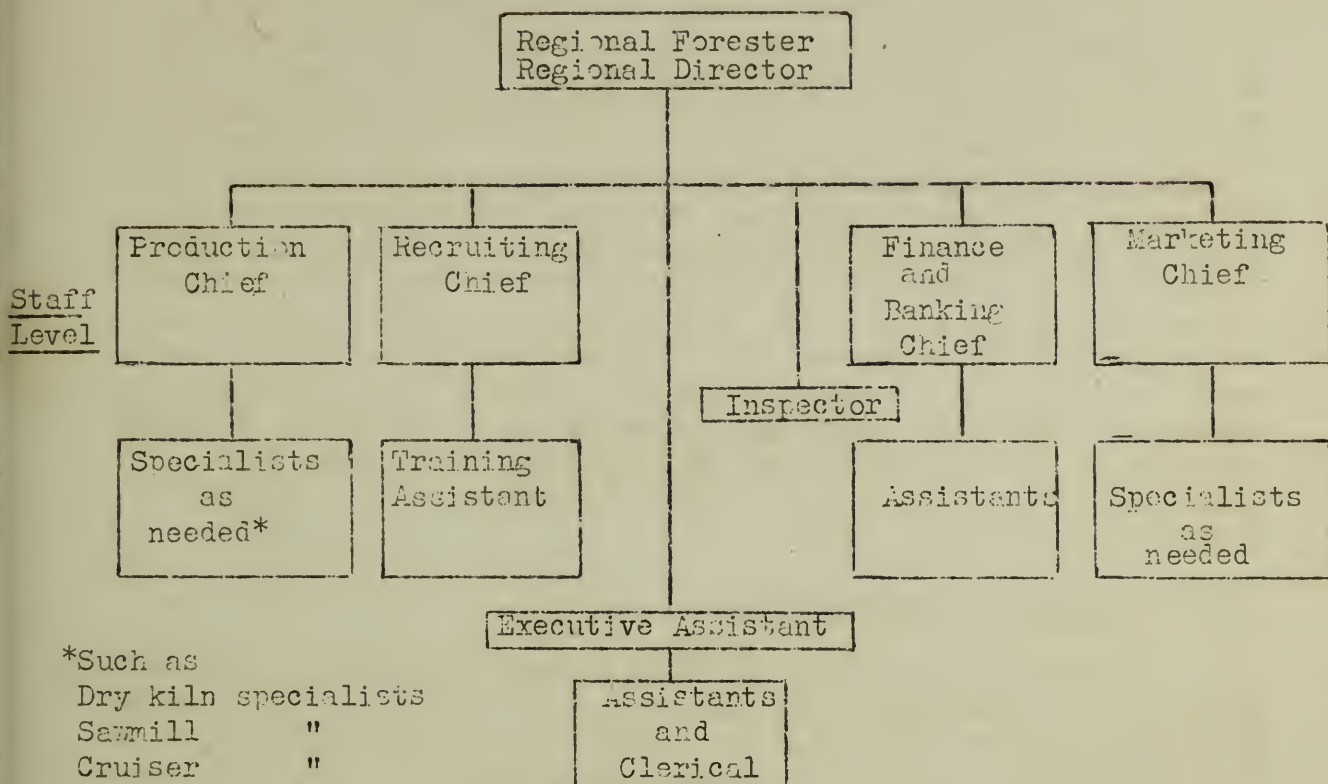
Executive Officer

The Executive Officer reports directly to and works under the supervision of the Administrator and is responsible for office management, correlating of FPS personnel management, correlating over-all Forest Products Service equipment and supply purchase activities, work load analysis, keeping the field informed as to priority ratings, price ceilings, regulations on freeze orders, transportation and other orders or regulations affecting logs, lumber or lumber products and interpretations thereof. He acts as an aide for the Washington Office FPS staff.

Regional Offices

The FPS Regional organization outlined below applies to those Regions where the work load necessitates a separate Division. No specific FPS organization is presented relative to Regions where the FPS activities are expected to be so relatively light as to permit handling this project through existing Divisions. (See page C 11)

ORGANIZATION CHART
Heavy Work Load
REGIONAL OFFICE



*Such as
Dry kiln specialists
Sawmill "
Cruiser "
Veneer "
Grader "
Scaler "

Regional Forester

The Regional Forester is responsible for the administration of the FPS program for his Region and reports to the Chief through the Administrator relative to FPS activities.

Regional Director

In those Regions having too great a volume of FPS work to be handled by the Regional Forester personally or his regular staff, he is assisted by a Regional Director. The Regional Director is responsible for the execution of the FPS program and for formulating policies and procedures for the Region. He is in direct charge of all FPS activities within the Region and will exercise leadership in all phases of FPS work. He is responsible on behalf of the Regional Forester for accomplishing the Regional FPS objectives. In order to fulfill his responsibility in this regard he is given a staff of specialists and administrative assistants.

Regional Recruiting Chief

The Regional Recruiting Chief reports directly to the Regional Director and works under his supervision as a member of his staff. His primary responsibility is to provide ways, means, and take direct action to locate and recruit labor and specialists for the FPS program. He will investigate all or the most probable sources of labor within the region and work in close relation with all public employment agencies. He makes recommendations to the Regional Director and Area Offices as to the relocating of work activities from a labor standpoint and keeps the Regional Director informed on labor conditions, problems, and specific situations in order that the Director can intelligently guide the regional program toward the most probable sources of labor and thus relieve insofar as possible the primary bottleneck of the program. He formulates broad labor policies and plans and is responsible for initiating and carrying out training policies, plans, and safety work throughout the region.

Regional Production Chief

The Regional Production Chief reports directly to the Regional Director and works under his supervision as a member of his staff. He is primarily responsible for formulating and recommending to the Regional Director policies, plans, and programs for accomplishing the regional production goals and for putting into effect over-all production procedures and policies. The Regional Production Chief is also in charge of all activities relating to acquisition and storage of stumpage, logs and lumber or other forest products, for the preparation of specifications, manufacture or processing of all products in accordance with specifications and for the delivery of such products. His responsibilities will also include milling appraisals and inspections, tallying, and grading lumber, fire protection at sites and related activities.

Regional Marketing Chief

The Regional Marketing Chief reports directly to the Regional Director and works under his supervision as a member of his staff. He is primarily responsible for formulating and recommending to the Regional Director policies, plans, and programs for the marketing of all lumber or other forest products under the FPS regional program. He is directly responsible for accomplishing the marketing objectives within his region and correlating marketing activities between Area Offices.

Regional Finance and Banking Chief:

The Finance and Banking Chief reports directly to the Regional Director as a member of his staff. He is primarily responsible for the over-all FPS banking, fiscal plans, procedures, accounting, and auditing work of the region. (See page C.15)

Regional Inspector

The Regional Inspector reports directly to and works under the general supervision of the Regional Director. He inspects FPS activities within the Region to correlate standards and activities between Areas and between Sections of the FPS Regional Divisions. He is responsible for standards and frequency of Regional inspections and for coordinating work on a Region wide basis. He also investigates for the Regional Director complaints appealed to the Regional Office and assists the Area Foresters in devising methods to prevent conditions causing justified complaints.

Executive Assistant

The Executive Assistant reports directly to and works under the supervision of the Regional Director. He is responsible for office management functions, personnel, correlation of equipment and supply purchasing, work load analysis, regulations, etc. He assists to the extent possible the Area offices in the preparation and execution of contracts and acts as an over-all aide for the Regional staff.

Specialists, Fiscal and Clerical

Specialists, such as sawmill, dry kiln veneer, grading, logging, veneer and lumber specialists will be employed as needed. They will report to the Production or Marketing Chiefs and be under their supervision and direction.

Fiscal and Clerical assistants will be employed as the work load justifies.

Size of Regional Organization

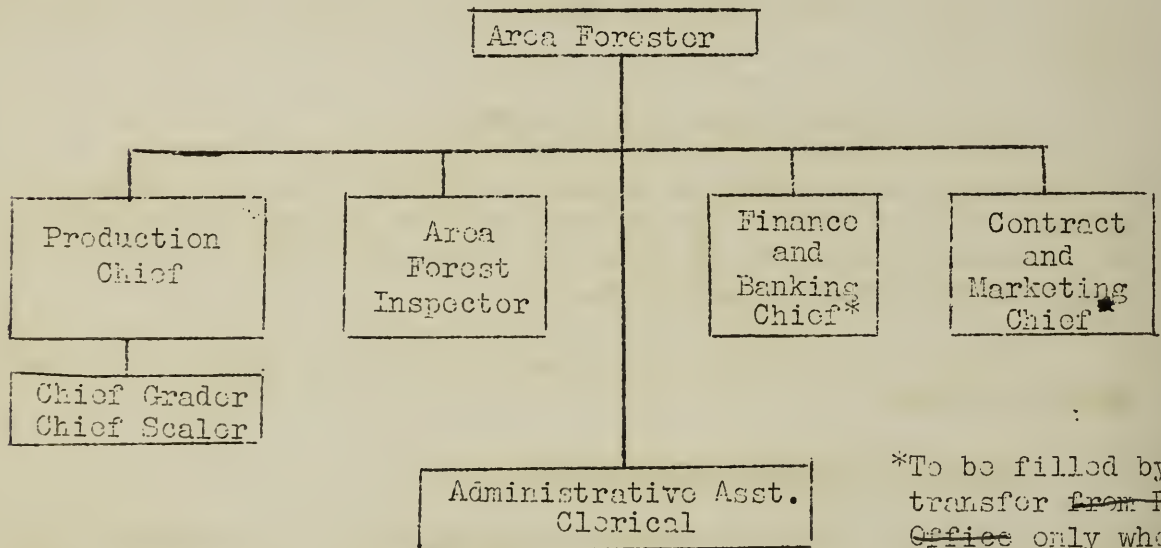
While the above indicated regional staff is expected to be of average size for the heavy work load Regions, the actual staff of any Region will vary materially, based on the FPS work load of that Region. For example, Region 8 will probably need a larger than average staff when operating at full output, while under similar conditions, Region 5 and 9 are expected to need materially less of the above suggested average staff. Positions will be created and filled only when, and to the extent, the work load fully justifies such action.

The FPS organization below the Regional office will consist of Areas and Districts.

Area Offices:

The Area Forester's office is responsible for all FPS activities within the territorial limits established by the Regional Office. The Area Forester will be assisted by a staff of "work specialists" as needed and other administrative staff to handle contracts, leases, and other office work. The Area Forester will effectively coordinate the work of his Districts and secure execution of the program objectives through ground work inspections and provision of sufficient specialist assistance. The size and number of these Areas will depend primarily on two major factors, first the amount of increased production the FPS is to obtain in that area, which in turn will be based on available forest products, transportation facilities, labor, etc., and second, the number of wood working facilities or mills. It is expected, of course, that a small number of Areas may be estimated first in any Region, and the number expanded as experience and job load analysis justify.

ORGANIZATION CHART
AREA OFFICE



*To be filled by transfer from Reg. Office only when work justifies and qualified personnel becomes available.

Area Forester

The Area Forester reports to the Regional Director and works under his general supervision. He is responsible for the FPS activities within the established area limits and for the correlation of work between his Districts. His leadership in all phases of the District programs should be definite and his supervision should bring him into close relation with each District Forest Manager's actual ground work. He assists the District Manager in putting into effect established over-all policies and procedures and insures that the District program as a whole is in keeping with and leading to the accomplishment of the program objectives. The Area Forester will be assisted by a technical and administrative staff.

Area Production Chief

The Area Production Chief reports directly to the Area Forester and works under his supervision. He is responsible primarily for accomplishing the established production goals of the area and in general for handling all production activities such as acquisition of log, lumber, and other forest products, grading, storage and protection of same and delivery of such products. He correlates the production activities of the various Districts within his area.

Contracts and Marketing Chief

The Contracts and Marketing Chief reports to and works under the supervision of the Area Forester. He is responsible for the preparation and review of all bids, contracts, leases or agreements relating to lumber or other forest products. He is responsible for determining, through the Production Chief and District Managers, as to the contractors compliance with all contract provisions and for recommending action to the Area Forester in regard to revisions, amendments, extensions, cancellations, etc. He is responsible for marketing, through the Area Forester and in accord with the Regional policies, of such forest product material as the Area is authorized to market.

Area Banking and Finance Chief

An area chief of banking and finance is appointed in those areas where the work load justifies transfer of trained men from the Regional office. He reports directly to the Area Forester. He is responsible for the direction of the Area fiscal organization and for the accomplishment of all FPS fiscal and accounting work in the Area in accordance with Regional policies.

Area Forest Inspector

The Area Forest Inspector reports directly to the Area Forester and is under his supervision.

He is the Area Forester's Chief inspector and is primarily responsible for securing the accomplishment of woods or forest cutting practices or objectives as set forth in the various contracts and agreements. He will train and assist the District Managers in this phase of the work and keep the Area Forester currently informed as to the degree of compliance with forest practices provisions of contracts. He also advises the Area Forester concerning woods practices which should be inserted in procurement contracts involving stumpage.

Administrative Assistant

The Administrative Assistant reports to and works under the supervision of the Area Forester. He is responsible for the office management and personnel functions of the Area office and more specifically for the correlation, simplification and expeditious handling of all paper work in the area. He is responsible for establishing procedures and plans which will result in a minimum amount of paper work being done in the District offices. He trains and assists the clerical help in the Area and guides them in general office procedures and management. He will act as an over-all aide to the area staff.

Specialists

Work specialists, such as Chief Scalors, Graders, etc., depending on the particular activities within the area will be employed as the need demands.

As the intensity and volume of work within an Area or portion of an Area justifies such action, Districts will be established which will be in charge of District Forest Managers. The District Forest Manager will have direct charge of all FPS work in his District and will be primarily a production or field man. He will have an office and office assistance only when and to the extent the District work load clearly justifies such action. As far as possible, District office work will be handled in the Area office.

District Forest Manager

The District Forest Manager reports directly to and works under the supervision of the Area Forester. He is in charge of all FPS activities within his district territorial limits. He is the Area Forester's representative on the ground and is responsible for

the accomplishment of the FPS objectives. With the assistance and guidance of the Area Forester and his staff, the District Forest Manager puts into effect programs, policies, and plans, and through close "ground operations" inspections secures effective execution of such programs.

The District Forest Manager will be furnished with staff assistants to the extent a job load analysis justifies each position. It is planned, however, that as far as possible the Districts will be kept to a work load size which may be handled satisfactorily with little or no field and office overhead or assistant supervisory organizations. Each District Forest Manager will be in direct charge of the scalers, graders, tally men, log rollers, etc., employed by the FPS in his District.

Medium or light FPS work load Regions will handle the FPS project as far as possible through the regular Forest Service organization supplemented as necessary by the detail of men of Regional, Forest, District or Sub-District grade to FPS project work. The FPS will finance the salaries and expenses of such project men with the regular Forest Service organization contributing time and facilities to the extent possible. (In the heavier FPS work load Regions separate personnel and responsibilities are established.) Every effort will be made, following establishment of the FPS organization, to correlate the work and personnel of Forest Service employees (FPS and other) in those FPS Areas and Districts which include national forest areas.

Forest Service Personnel will be utilized in the FPS project to the fullest extent possible. It is expected that a large number of Forest Supervisors, staff personnel and other top forest officers will staff the FPS areas; and that a large number of District Rangers and other highly qualified men will be assigned to FPS Districts. Experienced scalers, cruisers and log and lumber graders will be especially needed in the FPS work.

Other Forest Service Emergency Activities

Careful consideration and study will also be given to the practicability and desirability of integrating FPS duties and organization with other war-time activities of the Forest Service, such as the Facilities Security Program, the requirements phase of the wood production job already being handled by the Forest Service for the WPB, and other jobs of a similar nature which the Forest Service may undertake. Again, however, the urgency for effective FPS action at the earliest possible date makes it desirable to establish first the FPS as a separate organization, followed by consideration of the opportunities for and benefits

from correlating and integrating the FPS activities and organization with other administrative projects of the Forest Service being accomplished on the same area.

Finance and Banking Organization

While the Forest Service has complete responsibility for the conduct of the loans, and other fiscal, accounting and related work, all transactions of the FPS are to be conducted in the name of the Commodity Credit Corporation, by the Forest Service as "Agent." The Corporation is not only financing the procurement undertaking but their laws and regulations governing the expenditure and collection of moneys shall apply throughout. The legal status of the FPS with reference to the project is that of agent; the status of the Corporation is that of principal. The standard fiscal and accounting forms of the Corporation will be used when suitable for the purpose intended. Numerous contracts, loan agreements and other forms peculiar to the needs of the FPS project will also be used, which are being designed and printed by the Forest Products Service.

The Federal Reserve Bank or Branch which will give promptest service will ordinarily be designated to function as the fiscal agency for the nearby FPS activities. The Regional Chief of Finance and Banking will advise the field men as to the designated bank for each area. The banks will make payments and deposit collections only on authority of documents duly approved by authorized officers of the Forest Products Service. After the audit of vouchers in the Finance and Banking office is completed no further audit will be conducted, other than a check of major contracts, agreements, etc., by the Treasury Department from the obligation standpoint. Obviously omission of the regular General Accounting Office audit increases the responsibility of the FPS very perceptibly. We must, therefore, make doubly sure of our ground before proceeding in any given case, recognizing, however, that speed is essential to win the war.

Seriously complicating the organizing of the FPS Finance and Banking work is the current problem of recruiting qualified personnel and the scarcity of office machine equipment. We hope to retain the machines we have on hand purchased with Civilian Conservation Corps funds; it is also possible that a few additional machines may be obtained through transfer from other agencies. We shall do whatever we can in this direction, and use our regular machines when they can be spared, but even then the probabilities are that a considerable portion of the record work must be performed in longhand. In recognition of these facts, and the need for speed, the systems of fund, cost and inventory accounting proscribed will be kept as simple as possible, consistent with the varied and intricate character of the project.

The F.A. Recruitment Problem The Regional Recruiting Officer will assist in this problem. While unquestionably serious it is susceptible of solution, at least in part, within the Service. As many as possible of the fiscal positions should be handled by women and men above draft age to decrease further losses to the military forces, and to release the younger men for other work for which they are especially qualified. Assuming that the regions can fill the more important positions and a fair number of those of lesser importance with experienced personnel, the Division of Finance and Banking should be enabled to redeem its responsibilities. Training on the job is necessary in all new undertakings but an excess of such training at one time in a banking project like the fiscal angles of the FPS could easily become exceedingly dangerous. The importance of this hazard being held to the minimum in each region cannot be overstated.

It is essential that the fiscal functioning of FPS be on a safe and secure basis for the project as a whole to succeed. Of equal importance to the success of the project is the time factor in processing expenditure and collection documents. They must be moved with dispatch. The full cooperation and earnest effort of all concerned in this phase of the work in both the Regional and Area offices is needed to accomplish the required objective.

The Washington Office Finance and Banking Organization contemplates the positions of Division Chief, Assistant Division Chief, Financial Consultant, Financial Auditor, Fiscal Officer, Secretary, and assistants as necessary. In addition the regular Fiscal Control force, including the Chief Fiscal Officer, will assist in handling FPS work to the extent practicable, whenever circumstances require.

The Division of Finance and Banking of the Washington Office will be responsible for supplying the FPS Administrator with statements and reports, copies of contracts and agreements, and with other material or information as may be required for transmittal to the Commodity Credit Corporation. It will function as liaison agent for the FPS in the fiscal realm with the CCC, Office of Budget and Finance of the Department and the fiscal Divisions of other government agencies with which the FPS transacts business.

Control ledger accounts for the Administrative, Capital and Trust funds will be maintained in the Washington Office showing by regions gross allotments, obligations, collections and unobligated balances. Summarized cost and inventory records (purchase and contract) will also be maintained as may be found necessary.

Finance and Banking Chief

The Chief of Finance and Banking in the W. O. will be responsible to the Administrator of the FPS for the over-all functioning of the regions in the finance and banking field. He will share with the Administrator and his staff in the establishment of financial policies, principles and standards from the operating or management standpoint; he will carry full responsibility for such matters from the fiscal and accounting standpoint. The Chief of Finance and Banking will be charged with over-all responsibility for fiscal procedures and systems; for the efficient, economical and expeditious conduct of the work; and for other factors bearing on finance and banking activities.

It will be the responsibility of the FPS fiscal chief to keep the regional offices advised of the various fiscal requirements, authorizations, stipulations, and limitations by means of instructions by correspondence, handbook regulations, and personal contact; also to determine through inspection and otherwise that the fiscal regulations and instructions are satisfactorily met and the integrity of the funds duly protected. Similarly it will be his responsibility to integrate and correlate the fiscal work of the regions.

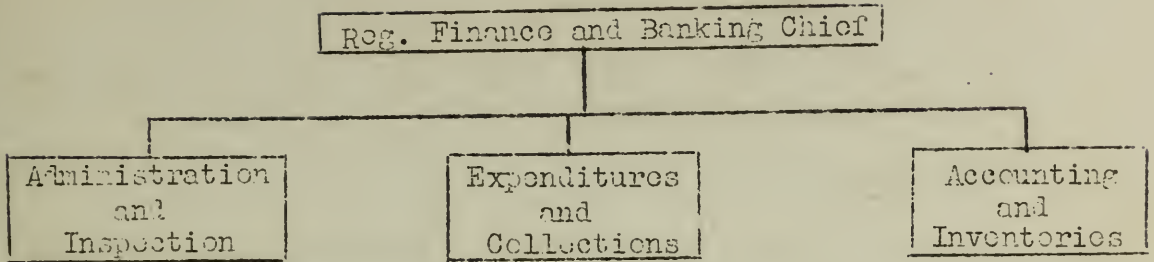
Regional Office

The Regional office organization includes a Chief of Division, Fiscal Officer who will be in immediate charge of the Regional fiscal and banking office, a fiscal inspector, an Auditor and an Accountant, with such assistants as necessary. It is contemplated that the regular Fiscal Agent, Deputy and Fiscal Inspector will assist the FPS Finance and Banking force in certain of its administrative, inspectional and training duties. This arrangement will, of course, vary somewhat between regions, depending upon local considerations.

The FPS Regional Division of Finance and Banking is responsible to the Regional Director for safekeeping of original contracts, amendments, cancellations; also for submission of copies of the contracts and modifications which it has been determined should be submitted to the Commodity Credit Corporation, through the Washington Office, for verification by the Treasury. It is also responsible for assisting, training and developing FPS fiscal personnel at the Area and Regional levels.

As in the case of the Washington Office the permanent corps of auditors and accountants of the regional offices will assist in handling the FPS work when circumstances require and their regular duties permit.

ORGANIZATION CHART
FINANCE AND BANKING
REGIONAL OFFICE
(Heavy Work Load Region)



In light of medium FPS work load Regions the FPS finance and banking work will be handled as far as possible by the regular fiscal force. Supplemental employment for FPS project work will be provided and financed by the FPS as the work load justifies each position concerned.

Regional Finance and Banking Chief

The Regional Finance and Banking Chief is responsible for the preparation of financial statements, fiscal reports, cost and inventory records, and reports and such other special log, lumber or other forest product graphs and reports as may be required by the Director. He analyzes the fiscal work of the Region and recommends to the Director such decentralization as will expedite and simplify payments to contractors or cooperators. He is responsible for the audit and certification for payment of milling and other invoices, payrolls, travel accounts and administrative vouchers. He is also responsible for such activities as

1. Expenditures - review for sufficiency and completeness (a) contracts and agreements, (b) applications for loans, advances, etc., and (c) other documents on which expenditures are based; check for accuracy log scale reports, lumber tally sheets, etc.; preparation of vouchers, certification by claimant and contracting officer; processing and approval of vouchers; scheduling to Fiscal Agency for payment.
2. Collections - billing of debtors as per contract requirements, principal and interest; preparation of vouchers; processing and approval of vouchers; scheduling (with remittances) to Fiscal Agency for deposit.

3. Accounting (principal and interest separately), general ledger and individual accounts - procedures, records, and statements and reports as required.
4. Costs and Inventories. By location, species, grade, etc.
5. Audit and Inspection of FPS field offices; operator's plants, when needed.

Area Office

It is the policy to decentralize FPS fiscal work from the Regional to the Area office as fast as the Area work load and available trained personnel justifies. This action will speed up and otherwise facilitate greatly essential fiscal services to the FPS clientele and hence should be given adequate priority. All FPS fiscal work in a Region will, however, first be concentrated in the R. O. to permit gaining experience, obtaining necessary uniformity in records, developing procedures and systems and training personnel. As fast as the fiscal work load of an Area justifies such action, and undue risk is not entailed in the opinion of the Regional Forester, all fiscal work which can be handled most expeditiously in the Area office should be done there and the necessary personnel transferred from the Regional to the Area office. Such a transfer of the fiscal functions must, of course, be cleared in advance with the Federal Reserve Bank. This may necessitate some additional Finance and Banking personnel but as far as possible the fiscal work in the Area offices will be accomplished by transfer from the R. O. staff as indicated above..

Administrative vs. Operational Costs

It will be necessary to keep a separate record of all operational or operating expenditures and receipts as contrasted with administrative or overhead expenditures and costs. The one hundred million dollars made available by the Commodity Credit Corporation can be used only for operating expenditures of the FPS. Receipts from these expenditures are deposited in a revolving fund for further use. Interest is charged on all loans, advances and other uses of this fund while the monies are outstanding.

The memorandum of agreement with the CCC permits use of so-called "Hold Back" funds on a pooling basis i.e. funds withheld from loan advances, or loan or contract payments to the operators. That is to say, a certain percentage of each payment as specifically provided for in the contract may be withheld for direct payment of operating costs incurred by the FPS such as log scaling, lumber grading, etc.

The administrative or overhead costs as defined by the Solicitor will not be subject to interest charges against the FPS. The Administrative funds will be expended by FPS through the regular disbursement channels, with payrolls, time slips, etc., submitted in accordance with Forest Service procedure. Checks will be issued by Treasury fiscal officers as is usually the custom. Overhead costs of the FPS will embrace the Washington and Regional Office FPS staffs, including FPS clerical and fiscal personnel. This fund will also finance all FPS training, general contact work, equipment for the use of FPS personnel, etc..

The total FPS Administrative cost will be held to the minimum practical for most efficient action. This will necessitate the very closest possible economy in all overhead activities of the FPS, both in the field and in the office. Field and office members of the FPS will need to be constantly looking for new methods to handle jobs, both more efficiently and more economically. Short cuts, which will not endanger essential accuracy, in the accomplishment of any activity or job should be constantly sought out, investigated and recommended for application to the proper administrative officer.

JOB ANALYSIS[#]FORAREA FORESTER AND ADMINISTRATION ASSISTANT

This analysis provides for organization of a sample Area into Districts and for administration of the FPS program at the Area Forester level.

<u>Organization and Planning</u>	<u>Job and Travel Time</u>
1. <u>Attend regional conference of Area Foresters, on planning and organization of regional and area programs; secure forest survey and similar data from Regional Director.....</u>	24 hrs.
2. <u>Establish area headquarters.....</u>	16 hrs.
3. <u>Hold conference of staff and district forest managers to outline program and procedures, and tentatively determine district boundaries and headquarters, from review of forest survey and similar data. Area manager and 2 assistants, 10 hours each.....</u>	30 hrs.
4. <u>Make exploratory field trip with district manager for specific determination of district boundaries and headquarters and field reconnaissance of FPS opportunities in district.....</u>	8 hrs.*
5. <u>Make contacts, prepare news items, etc., to acquaint public in the area with general program and area organization.....</u>	24 hrs.

(#) Based on suggestions from the NETSA program and other F.S. experience, plus many non-tested elements. It's value should be gauged accordingly. The time allowances are averages from which individual performances will vary widely.

(*) Job hours per district

6. Schedule and participate in group training of graders and scalers, training to be done by specialists (area manager and 1 assistant)..... 32 hrs.
7. Hold monthly group conferences of district managers (in field or at office) for work planning, new and special problems, procedures, etc. Area manager and 2 assistants, 88 hours each..... 264 hrs.

Supervision

1. Accompany district manager to train, guide, and assist him in the field on project organization and supervision, and in planning the work of the district manager and his subordinates - area staffmen will assist in this on-the-job training on other districts to get the program rapidly under way..... 24 hrs.*
2. First follow-up in field for training and inspection of each district manager - one month after first supervision trip. Inspect thoroughly one of each major type of contract and related operations; and such others as may be necessary to treat with specific kinds of principal problems - at mills, yards, and woods - in each district.
 - a. Small mills -
 - (1) Inspection (see check list)..... 2 hrs.
 - (2) Special problems (at 2 additional mills - average)..... 6 hrs.
 - b. Medium mills -
 - (1) Inspection (see check list)..... 3 hrs.
 - (2) Special problems (at 1 additional mill - average)..... 3 hrs.
 - c. Concentration yard -
 - (1) Inspection (see check list) and aid in special problems - 1 yard and plant, and 2 related mill and woods operations..... 8 hrs.

*Job hours per district

- d. Log-buying stations -
 (1) Inspection (see check list)
 and aid in special problems - one
 station and one woods operation for
 each major timber type (average of
 2 stations and woods operations
 assumed in this case)..... 4 hrs.
- Total job time..... 42 hrs.
 Travel (outside district)..... 3 hrs.
 Total for trip..... 45 hrs.*
3. Make subsequent district supervision trips, area
staff to assist in this work; each district once
every two months on basis of average standards
as follows:
- a. 25% of small mills and related
 operations; 3 mills, 2 inspections
 each at 2 hours each..... 12 hrs.
- b. 40% of medium mills and related
 operations; 2 mills, 5 inspections
 each at 2-1/2 hours each..... 25 hrs.
- c. Concentration yard and 25% of re-
 lated operations; 5 inspections at
 8 hours each..... 40 hrs.
- d. 50% of log-buying stations and re-
 lated operations; 2 to 3 stations,
 2 inspections each at 2 hours each..... 10 hrs.
- Total job time..... 87 hrs.
 Travel (outside district)..... 10 hrs.
- Total for subsequent supervision trips..... 97 hrs.*
4. Trouble-shooting and unforeseen work in district
supervision..... 66 hrs.*

*Job hours per district

General Administrative Work at Headquarters

One administrator at headquarters at all times to approve (or recommend) contracts, handle personnel matters, I & E contacts, correspondence, etc. 2,080 hrs.

Staff Work

1. Facilitate solution of special problems of districts..... 66 hrs.
2. Appraise, negotiate and facilitate area and regional authority purchases and loans (16 hours per month - average)..... 192 hrs.
3. Analyze relationship of costs and market prices by products and species for administrative control and to keep Regional Forester advised on changing relationships (12 hours per month)..... 144 hrs.
4. Appraise, negotiate and facilitate sales (30 hrs. per month - average)..... 360 hrs.
- Total "district" time..... 306 hrs.*
5. Interviewing special mill or forest product owners with whom District Managers are not able to reach agreement
(4 hrs. per week)..... 208 hrs.
6. Handling "appealed cases" referred to Area Foresters from decision by District Manager.
One case per week (2 hrs. each)..... 104 hrs.
- Total "district" jobs for 9 districts..... 2,754 hrs.
- Total "area" jobs..... 3,498 hrs.
- Total area Forester and Assistant Jobs 6,252 hrs.

*Job hours per district

SUMMARY JOB ANALYSIS#

(The detailed "Examples" summarized below are on following pages)

DISTRICT FOREST MANAGER

The analysis of the forest manager job for this sample district provides for planning, organizing, and administering 8 small mill projects, 5 medium mill projects, one concentration yard and 5 log-buying stations, producing as a result of the FPS program a total of 24 million board feet of logs and lumber.

<u>Organization and Planning</u>	<u>Job and Travel Time</u>
1. <u>Meet with area forester in 1-day conference</u> to gain background on FPS program and make tentative determination of district bounda- ries and district headquarters.....	8 hrs.
2. <u>Make joint exploratory trip with area forester</u> to determine specific boundaries and head- quarters.....	8 hrs.
3. Determine location of likely favorable areas with suitable stumpage supply, mill equipment, mill and concentration yard, sites, etc. (from forest survey and other available data).....	32 hrs.
4. Make trip with area forester (or alternate) for <u>on-the-job training and organization and</u> <u>planning</u> of district work.....	24 hrs.
5. Participate in <u>training on grading and</u> <u>scaling</u>	36 hrs.

(#) Based on suggestions from the NETSA program and other F.S. experience, plus many non-tested elements. It's value should be gauged accordingly. The time allowances are averages from which individual performances will vary widely.

6. Attend monthly group conferences of district managers (in field or at area office) with area manager and staff for work planning, new and special problems, procedures, etc..... 88 hrs. 196 hrs.

Project Organization and Supervision

1. 3 Small mills (see Example No. 1) @ 26 hours..... 208 hrs.
2. 5 Medium mills (see Example No. 2) @ 85 hours..... 425 hrs.
3. 1 Concentration yard (see Example No. 3) @ 650 hours..... 650 hrs.
4. 5 Log-buying stations (see Example No. 4) @ 85 hours..... 425 hrs. 1708 hrs.

Headquarters Work

Instructions review, periodic work plans, correspondence, information contacts, scaler and grader time reports, etc. 176 hrs.

Total District Forest Manager Time..... 2080 hrs.

2080 hrs. x \$1.83 = \$3800 salary and expenses.
24 million B.F. ÷ \$3800 = 16¢ per H net.

This does not include time for helping to recruit labor, for assistance in training labor, for special equipment searches and priority work, for time lost at non-cooperative mills and other operations, etc. Consequently the normal cost will probably approximate..... 25¢ per H

See also costs for scaling, grading, tallying, etc..... " "

JOB ANALYSIS#DISTRICT FOREST MANAGER

.....
 .EXAMPLE NO. 1 - dealing with a Small mill operation

Cutting 5 M bd.ft. per day
 " 50 days per year, concentrated in 2 months
 " 250 M per year
 Lumber to be purchased by FPS

Logging operations to produce this amount will also cover a two-month period, usually the two preceding months.

Supervision of these types of operations will consist of a first trip to explore and enter into contract, a subsequent trip for inspection and service at monthly intervals.

First trip - enters into contract to purchase specified products, delivered to a specified FPS site and check upon the accomplishment and financial reputation of owner.

First trip---Jobs to be accomplished:

<u>At Mill:</u>	<u>Job Time</u>
1. Present output.....)	
2. Potential output.....)	
3. Action needed to increase output.....)	
4. Stumpage available.....)	60 min.
5. Labor available.....)	
6. Equipment available.....)	
7. Condition of equipment and its alignment.....	60 "
8. Storage facilities.....	15 "
(see check list)	<u>135 "</u>

(#) Based on suggestions from the NETSA program and other F.S. experience, plus many non-tested elements. It's value should be gauged accordingly. The time allowances are averages from which individual performances will vary widely.

In the Woods:Job Time

- | | |
|---|---------|
| 1. Check quantity and quality of stumpage.....) | |
| 2. Condition of hauling goods.....) | 60 min. |
| 3. Condition of hauling equipment.....) | |
| 4. Explain required woods practices.....) | |
| (see check list) | |

With Operator:

- | | |
|--|------------|
| 1. Explain sawing and piling specifications..... | 15 min. |
| 2. Enter into contract..... | 45 " |
| | <hr/> 60 " |
| Travel time on above jobs and from mill to mill. | 120 " |
| Total time for first trip..... | 375 " |

Second and Subsequent Trips--To check on two months of woods and two months of mill operations. This calls for two trips to each type of operation.

Second and third trips to the woods operation: (Second trip to be made soon after operation starts and third trip to be about one month later.)

- | | |
|---|-----------------|
| | <u>Job Time</u> |
| 1. Progress being made.....) | |
| 2. Check on forest practices.....) | |
| 3. Assistance possible to facilitate operations.....) | 70 min. |
| 4. Discussion.....) | |
| (see check list) | |
| Travel time for the above..... | 90 " |
| | <hr/> 160 " |
| Time required for two trips..... | 320 " |

Second and third trips to mill operations: (Second trip to be made soon after sawing starts and third trip to be about one month later.)

- | | |
|---------------------------------|---------|
| 1. Contact operator..... | 15 min. |
| 2. Check mill in operation..... | 30 " |

	<u>Job Time</u>
3. Check output against contract	
4. Proceed to FPS delivery site.....	30 min.
5. Check pipe tally.....	20 "
6. Check piling and sticking lumber - pile bottoms and roofs (see handbook)	
7. Discussion with operator.....	45 "
8. Take corrective action as necessary (see check list)	
Travel time.....	90 "
	<hr/> 280 "
Time required for two trips.....	560 "
Exploratory trip.....	375 "
Two woods trips.....	320 "
Two mill trips.....	560 "
	<hr/> 1255 "

Cost per M = 26 hrs. @ \$1.83 = \$47.58 ÷ 250 M = 19¢ per M

District Forest Manager will turn over the contracts to the Area Forester's office and otherwise attempt to have the Area Forester's office handle practically all of his office work.

JOB ANALYSIS#

DISTRICT FOREST MANAGER

EXALIPLE NO. 2 - dealing with a medium size mill

Cutting.....12 M per day
Operating.....200 days per year (10 mo.)
Annual cut.....2.4 million
Logging and milling concurrent
Lumber to be purchased by FPS
FPS tallyman at mill at all times while in operation

First trip to locate and contact mill operator and to draw up contract and check on financial and accomplishment reputation of owners or operators.

Second trip to be made soon after operator begins producing under terms of contract and subsequent trips to be approximately one each month. The tallyman will be trained to make intervening inspections and checking on woods operations during periods when mill is not operating.

First trip--Jobs to be accomplished:

<u>At Mill:</u>	<u>Job Time</u>
1. Present output.....)	
2. Potential output.....)	
3. Action needed to increase output.....)	
4. Stumpage available.....)	60 min.
5. Labor available.....)	
6. Equipment available.....)	
7. Condition of equipment and its alignment.....	60 "
8. Storage facilities.....	60 "
(see check list)	180 "

(#) Based on suggestions from the NETSA program and other F.S. experience, plus many non-tested elements. It's value should be gauged accordingly. The time allowances are averages from which individual performances will vary widely.

In the Woods:Job Time

- | | |
|---|----------|
| 1. Check quantity and quality of stumpage.....) | |
| 2. Condition of hauling goods.....) | |
| 3. Condition of hauling equipment.....) | 120 min. |
| 4. Explain required woods practices.....) | |
| (see check list) | |

With Operator:

- | | |
|---|----------|
| 1. Explain sawing and piling specifications.....) | |
| 2. Enter into contract.....) | 180 min. |

Travel time on above jobs and from mill to mill.. 240 "

Second and Subsequent Trips---To check on woods and mill operations and inspect and supervise tallyman. Second trip to be made soon after operation starts and subsequent trips to be approximately one month apart.

Woods check:Job Time

- | | |
|---|----------|
| 1. Progress being made.....) | |
| 2. Check on forest practices.....) | |
| 3. Assistance possible to facilitate operations.....) | 120 min. |
| 4. Discussion.....) | |
| (see check list) | |

Mill Check:

- | | |
|---|----------|
| 1. Contact operator.....) | |
| 2. Check mill in operation.....) | |
| 3. Check output against contract.....) | |
| 4. Proceed to FPS delivery site.....) | 140 min. |
| 5. Check pile tally.....) | |
| 6. Check piling and sticking lumber - pile bottoms and roofs (see handbook) | |
| 7. Discussion with operator.....) | |
| 8. Take corrective action as necessary..) | |
| (see check list) | |

Inspect tallyman:Job Time

1. What is his relationship with operator?
2. What is his working condition?
3. Is he checking woods and yard satisfactorily? How often?
4. Are his tally sheets legible?
(see check list)

Travel time required for each trip.....	150 min.	
	<hr/>	
	410	"
Ten trips per year.....	4100	"
25% / for unforeseen work.....	1025	
Total time.....	5125	"

Cost per M = 85 hrs. @ \$1.83 = \$155.55 ÷ 2400 M = 6-1/2¢
per M.

JOB ANALYSIS#DISTRICT FOREST MANAGER

EXAMPLE NO. 3 - a concentration yard with a string of 20 mills

1. 5 mills cutting 12 M per day = 60 M
2. 15 mills cutting 5 M per day = 75 M

The 5 mills cutting 10 months, 60 M per day for 200 days =
12,000 M feet per year.

The 15 mills cutting 2 months, 75 M per day for 50 days =
3,750 M feet per year.

Total production of 12,000 + 3,750 = 15,750 M per year.

Logging and milling concurrent for the 5 mills.

Logging 2 months.

Milling 2 months for the 15 mills.

Lumber produced to be purchased by FPS.

FPS tallyman located at concentration yard.

The above mills now operating at 50% of capacity. The FPS will increase this production to above figures; net FPS increase cut of 7,875 M feet.

The first trip is to contact the concentration yard operator. The second trip is to be made soon after operations are under way. Subsequent trips approximately one time each month thereafter.

Check on financial and accomplishment reputation of owner - 180 min.

First Trip

<u>At Plant:</u>	<u>Job Time</u>
1. Contacts and explains to operator....)	135 min.
2. Looks over the facilities.....)	
3. Examines the larger sawmills and five of the smaller mills.....	480 "
(see check list)	

(#) Based on suggestions from the NETSA program and other F.S. experience, plus many non-tested elements. It's value should be gauged accordingly. The time allowances are averages from which individual performances will vary widely.

In Woods:

Job Time

1. Examine samples of available stumpage.....)
- a. To size up the available timber supply to supply the prospective contract.....)
- b. Explain the conservation requirements in each characteristic timber type examined.....) 480 min.
- c. Obtain any other pertinent information needed to complete contract upon return to concentration yard such as:
 - What mills will cut for FPS entirely?
 - What lands will be set up to supply FPS contract?
 - (see check list)

Return to concentration yard:

Job Time

1. Contract operators for future negotiations.....)
- a. Discuss terms of contract.....) 120 min.
- b. Fill out contract form in rough...)
- Collect transaction evidence on prices being paid for similar products contracted for so the Area Forester will be advised..... 60 "
- Transmit contract to Area Forester and arrange for a meeting to complete and execute contract.
- Travel for all above jobs..... 900 "

Second Trip--to be made soon after operations start and subsequent trips about once each month to the concentration yard to inspect yard, sawmills and woods and supervise the tallyman located at concentration yard.

At concentration yard:

Job Time

12 trips..... 1440 min.

1. Checks for progress being made.
2. Lumber piles examined.
3. Yard layout and circulation.
4. Inspects tallyman.
5. (see check list)

Travel time each month (2 hours)..... 1440 min.

At sawmills: - All mills producing FPS material to be reached each month during their operations.

Travel time..... 4800 min.

- | | |
|------------------------------------|---------|
| 1. 10 trips to 5 big mills.....) | 10800 " |
| 2. 2 trips to 15 small mills.....) | |

- a. Check for needed service
- b. Shoot trouble
- (see check list)

In the Woods:

- | | |
|--|--------|
| 1. Check on conservation practices.....) | 7200 " |
| 2. Woods roads.....) | |
| 3. Inspection of care of equipment.....) | |
| 4. Woods labor conditions.....) | |

(Average 240 A. cutover per month in scattered areas /12 acres/)

(See check list)

Travel time each month for above trips for woods job..... 7200 "

Back to concentration yard:

- | | |
|------------------------------------|----------|
| 1. Contact the contractor.....) | 900 " |
| 2. Discussion.....) | |
| Total job and travel..... | 31,155 " |
| 25% added for unforeseen work..... | 7,790 |

Total time..... 38,945 "

Cost per M = 650 hrs. @ \$1.83 = \$1189.50 ÷ 7375 M = 15¢ per M

JOB ANALYSIS#DISTRICT FOREST MANAGEREXAMPLE NO. 4 - Log - buying stations

This example contemplates the establishment of a number of log-buying stations in a portion of the district where log production by small stumpage owners or contractors is practicable but log-marketing service is the principal need.

In this instance the District Forest Manager is to organize one of these log-buying stations and purchase a minimum of 300,000 bd. ft. of logs from 20 owners or contractors, deliveries to be received over a period of three months

<u>Preparation:</u>	<u>Job Analysis</u>	<u>Job Time</u>
1.	<u>Obtain first-hand information</u>	
	a. on prospects of area for log production.	
	b. on availability of stumpage.	
	c. on most suitable log-landing site, leasable at reasonable terms (in- cluding site for mill and sticking ground).	
	d. to determine log prices for deliveries at this particular site.	
	e. etc!	
2.	<u>Arrange for meeting of owners and contractors</u> (First trip)	
	a. convenient meeting place.	
	b. notices in newspaper, courthouse, etc.	
	First trip.....	8 hrs.

(¹¹/₇) Based on suggestions from the WETSA program and other F.S. experience, plus many non-tested elements. It's value should be gauged accordingly. The time allowances are averages from which individual performances will vary widely.

Organization:Job Time

1. At AM meeting -
 - a. explain general program and local plan.
 - b. outline desirable woods practice.
 - c. tentatively negotiate contracts.
 - d. learn of other possible operators.
2. Obtain lease for log-landing, mill site and sticking ground.
3. At PM meeting - enter into contracts with owners and contractors.
4. Secure additional contracts by individual contact to obtain minimum 300 M.B.F.

Second trip..... 8 hrs.

5. Designate days of week for receipt of log deliveries; advise operators..... 1 hr.

Inspection and Supervision:

1. First inspection - (2d or 3d week after deliveries start)
 - a. At log landing -
 - (1) check scale, (2) inspect landing.

(Scaler will be check scaled once every 2 weeks, which in this instance would mean a check scale at this landing approximately once every 6 weeks, or twice during the 3-month period.)
 - b. In woods -
 - (1) inspect woods practice, (2) facilitate log production and delivery - scaler accompanies manager on this trip for training.

Third trip..... 12 hrs.

(Woods inspections will be made at intervals of three weeks in each log-buying station area, with special effort to reach newly opened operations before or shortly after start of operations; particular attention to be given larger-size operations in

woods inspections; scaler also to inspect Job Time
woods and follow-up on logging operators
when not scaling and receiving deliveries.)

(This example presumes that 10 operators will be operating at time of first woods inspection and that 5 of the larger operators, producing major portion of total volume, will be inspected; also that enroute district manager will follow-up on 5 other of the larger operators to encourage and facilitate start of operations and to explain desirable woods practices on the ground.)

2. Subsequent Inspections

- a. At mill - once every six weeks.
- b. In woods - once every three weeks.

Three trips.....	32 hrs.
Total job time.....	61 "
Travel time.....	7 "
25% plus for unforeseen work.....	17 "
Total time.....	85 "

Cost per M = 85 hrs. @ \$1.83 = \$155.55 + 300 M = 52¢ per M

Avenues and Procedures to Stimulate Production

The Forest Products Service will stimulate production of wood products primarily by loans on, contracts for and purchases of, stumpage, logs, rough or finished lumber, or special products in any degree of finishing. In general it will give first priority to loans and second priority to purchases to stimulate production. It will obtain and utilize national forest stumpage or material to the fullest extent practicable. Finished products ordinarily will be obtained by loan, purchase, or direct action only when existing orders for such finished material are at hand.

Major procurement "avenues" through which the FPS will stimulate the production of needed forest products may be summarized as follows:

- (a) Concentration yard and small middleman operations.
- (b) Small mills.
- (c) Stumpage owners and logging contractors
- (d) Large mills
- (e) Large wholesalers
- (f) Cooperatives
- (g) FPS own operations
- (h) National Forest stumpage

Each procurement avenue will have various procurement procedures which may be used. A major job will be to consider thoroughly all possible procurement avenues and procedures and to use one's best judgment as to the most effective and economical practices to use in each particular case. Differences in location, products or conditions may often cause changes in the relative desirability of the procurement practices available. The major advantages and disadvantages of each procurement avenue, and the relative desirability of the various procurement procedures, presented in this Section are based on average conditions and will not, of course, apply in each case.

The policies, procedures, advantages and disadvantages relative to obtaining the needed material through the above mentioned several main avenues of procurement are presented in brief as follows. (Lumber is used as the illustrative example in order to be specific, and as it is the product expected to form the largest percentage of the total FPS business. It is felt the procurement avenues and procedures outlined for obtaining lumber can be applied with suitable modifications in the obtaining of other wood products.)

(a) The Concentration Yard or Small Middleman Procurement Avenue

Concentration yards are particularly common in the Southeast.

In other parts of the nation their place is usually taken by small middlemen. The typical case is a concentration yard or middleman handling all or a large portion of the output of from 5 to 30 small mills. Often most or many of these mills are financed or even owned, in whole or in part, by the yard or middleman. It will be the policy to work with and through concentration yards or small middlemen to the extent practicable, provided assurance can be obtained that each such agency will make proper provision for the application of the conservation requirements and will meet such responsibilities as we may have - morally if not legally - with regard to applicable labor and safety laws or equivalent practices by the mills from which the lumber, and by which the logs, are obtained for the FPS. The action to be taken in case these requirements are violated is shown at the top of Page 5 of the Acting Chief's policy letter of August 31, 1942.

The usual procedure in obtaining increased output through this avenue of procurement will be for the FPS to ascertain from the concentration yard owner or operator, or the small middleman his present assured and his potential output, relative to the desired material. The difference, if any, is the indicated volume of production which the FPS should take steps to obtain to the extent needed. (See also Section G). If the loan procedure is not satisfactory to the owners or the FPS, a contract for the purchase of the increased output would be the next usual procurement procedure. The purchase contract would preferably cover only the desired specified lumber volumes, sizes and grades. In many cases, however, it may be necessary or most practicable to contract for the purchase of the entire augmented output. In exceptional cases, such as the need to produce special and rare materials, the contract may, with advance approval of the Regional Office, cover only the grades, sizes and volume the yard owner or middleman is unable to dispose of otherwise. In such cases a suitable discount from the going market price would ordinarily be required. (See also Section F)

In the few cases where finished lumber is desired and ordered, the yard or middleman can handle the entire job, and the loan or purchase agreement may call for delivery of the specified finished products at a specified designation or shipping point. In the more usual case rough lumber will be obtained.

Provision must be made in advance for the renting of yard storage space, specifications as to piling of the rough lumber and as to the cost of finishing the lumber, when such action is desired by FPS.

Delivery. In most cases, advance arrangements should also be made with the yard operator or middleman relative to moving the finished lumber to the usual shipping or delivery points and, when needed, for loading on cars.

When the primary bottleneck in obtaining increased production by the concentration yard or middleman is lack of logs for his mills, see item "c" in this Section. If the principal bottleneck is labor shortage, see item "i" of this Section. If the primary difficulty is transportation facilities or lack of proper priorities relative to needed equipment, see Sections N and O, respectively.

Some major advantages of dealing with concentration yards or small middlemen is that it should permit a major increased output by FPS with a minimum of overhead, time and cost. It will permit the accepted and existing business organization and production machinery to be utilized with resultant minimum of adjustments necessary in organizing, financing and administering the increased production. It will allow the FPS to deal with and influence the persons and organizations which may be expected to control a large part of the lumber production after the FPS war project is completed. It should facilitate prompt and dependable production of material ordered or promised and should aid in obtaining prompt finishing and delivery or shipment, when needed.

Some major disadvantages of dealing through yards or small middlemen is that such procedure will involve at least two parties (the yard and sawmill operators) before reaching the timber cutting operators and stumpage owners. It may, therefore, be a difficult procurement avenue to utilize in respect to obtaining proper application of conservation requirements, and to meet such responsibilities as may rest upon us with regard to labor, safety or similar laws or their equivalent. In many cases the yard operator or middleman will have no facilities to supervise the attention being given these requirements. In some cases it may be very difficult for the yard operator or middleman to determine and locate the areas being cut over and men employed on operations relative to his FPS contracts or production, and to separate these areas and workmen from those operating or employed in connection with other contracts or producers. It may also be difficult in using this procedure to insure that the stumpage owner obtains a fair price for his stumpage or logs, or to influence the price paid for stumpage or logs.

To summarize, the concentration yard or small middleman should be utilized as a production agency for the FPS whenever assurance can be obtained that the yard owner or middleman will apply the conservation requirements and will comply with the appropriate other obligations in all cutting and other operations accomplished for the FPS. If possible, assurance should also be obtained that a fair price will be paid for the stumpage or logs obtained for FPS use, and that the cost of the yard or middleman service will not be excessive. It will of course be the responsibility of the FPS, as stated at the top of page 5 of the Acting Chief's policy letter of August 31, 1942, to make an adequate check that all contract re-

uirements and applicable laws or their equivalent are complied with in the production of wood products for the FPS.

(b) The Small Mill Procurement Avenue

There is a vast difference regionally between the output of a so-called "small mill". A small mill on the west coast may produce 5-10 million board feet of lumber per year as compared to a similarly classified mill in the southeast which produces 50 M board feet of lumber or less per year. This presentation concerning small mills refers to all mills locally termed "small mills", especially those which sell their output primarily to concentration yards or middlemen, as distinct from the large mills which ship directly to consuming centers, and have a sales organization of their own, or sell through a marketing organization. Small mills ordinarily do not produce finished lumber, as contrasted with large mills which do have such facilities. No hard and fast line can or need be drawn between small and large mills as the terms are used in this Section.

It is the policy of the FPS to deal directly with small mill owners or operators when satisfactory arrangements for increased production, as outlined in item "a" of this Section, cannot be made. In many cases it is expected that the concentration yard owner or middleman will prefer the FPS to deal directly with the mills in order to relieve the middlemen or yard owners of responsibility relative to FPS contract provisions concerning procurement of material by the mills for FPS.

The preferable FPS procedure to augment production by a small mill man is via a loan which will enable him to finance the increased production, but which will leave him owning and responsible for the sale and utilization of the products concerned. (See also Section G)

If the loan procedure is not practicable and desirable, the second most desirable procedure to augment production through this avenue of procurement is usually via purchases. Purchase contracts will preferably cover only the products desired but if necessary, will cover the entire augmented production. A contract to purchase only that portion of the increased production which the operator cannot sell directly should be entered into only when conditions justify such action and advance approval of the proposed action has been obtained from the Regional office. (See also Section F).

If the increased production of the small mill is dependent primarily on an increased log supply, increased labor, improved transportation facilities or needed equipment priorities, see items "c" and "i" of this Section and Sections N and O, respectively.

Log or labor shortages can frequently be improved or remedied by moving the mill where timber of the desired quantity and quality, or more labor, are available. Possibilities in this direction should be discussed with and explained to the mill operators concerned. When necessary, consideration should be given to the FPS contracting for the purchasing of the mill or mills and moving the facilities to the desired locations. Such mills could then be sold to a suitable operator, leased, or operated under contract, or as a last resort operated directly by the FPS from the Administrative Fund.

When dealing with small mills, arrangements should be made in advance relative to piling and storage of the rough lumber. When practicable the rough lumber from the small mill should be stored at, or where it will be most accessible to, a suitable finishing plant. Arrangements should also be made in advance for the finishing, storage and delivery of the finished lumber to the shipping or delivery point so that the FPS will not be caught with rough lumber which must be finished at a local plant unless excessive transportation costs are incurred to move the lumber to another plant. Such a condition may encourage the local finishing plant to charge excessively for use of its services. In most cases arrangements for utilization of the finishing plant facilities should be made with the available concentration yard or middleman in advance whether or not the yard or middleman is the agent from which the FPS will obtain the rough lumber.

Some major advantages to the FPS from using the small mill procurement avenue are that it should result in a material increased output of rough lumber with a reasonable overhead cost. It will permit dealing with the mill owners and operators who are usually in direct contact with the stumpage owners and logging contractors. This should permit much easier supervision and check on the application of the conservation requirements and other specifications of the contracts involved. It should have a favorable influence on the price paid for stumpage and logs, and will permit elimination of any excessive concentration yard or middleman's profit, at least to the rough lumber stage. Supplementary to the main objective - increased production - it will provide direct contacts with key persons in the lumber production programs with a golden opportunity to educate them concerning the advantages of a uniform log scale, log grading, and the application of improved cutting practices.

Some major disadvantages resulting from working through individual small mills to obtain a needed increase in the production of wood products are that such procedure will require many more contacts, and agreements or contracts, and hence increased overhead and supervision costs than dealing through concentration yards or middlemen. It will necessitate an increased number of lumber scalers and graders, unless the lumber is delivered to and scaled at the concentration or middleman's yards. It will necessitate also in most cases, separate

contracts with the concentration yards or middlemen relative to storing and finishing the rough lumber, and the storing and moving to the shipping point of the finished lumber.

(c) The Stumpage Owner and Logging Contractor Procurement Avenue

When lumber procurement facilities outlined in items "a" and "b" are not satisfactory, or need to be further supplemented, the next usual action or procurement avenue is via the establishment of log buying stations. The number of such stations will be based on the volume of additional lumber needed from the area and the estimated volume to be obtained at each station. The location of each station should be based on an analysis of its relative location to suitable stumpage, and transportation and milling facilities. Stations should preferably be located at or near milling facilities where the FPS can make or has made arrangements for the sale of its logs, or for contract sawing. Stations should not ordinarily be located where they will necessitate in excess of a ten mile haul for log delivery, or where the FPS does not expect to obtain at least 300 M board feet or more of logs. In any case, the FPS will first need to determine the proper value of the logs to be purchased by species and grades through analysis of the stumpage, logging, hauling, and milling costs and of the value of the lumber produced.

Logs purchased at a log buying station may be sold to mill operators, or may be sawn under contract, or may be sawn by the FPS at mills financed from the Administrative Fund depending on the local situation. Preferably, however, the logs will be disposed of by sale to mills which may or may not have contracts with FPS for sawing or lumber production. It must be remembered that the primary FPS objective is to increase the production of wood products to the extent needed for war or essential civilian use and the less it has to handle or own the forest products involved, the better. When sale or sawing facilities are not available or satisfactory, consideration should be given to the FPS moving a mill under contract arrangement to or near the log station. Such a mill may then be sold to an operator who will buy or contract to saw the logs, or may be leased to an operator, or as a last resort the FPS may operate the mill itself from the Administrative Fund.

The preferable method of obtaining logs would be by loans to logging contractors to assist in financing the increased operation and if sufficient production should be obtained by this procedure, no log buying would be needed. (See also Section G). If this action is not adequate then the loans may be supplemented by the establishment of log buying stations or logs may be purchased at established stations without loans. If the desired production cannot be obtained from logging contractors, log deliveries at FPS log buying stations should be solicited from all individual loggers or stumpage owners. All loan agreements or purchase contracts with loggers or stumpage owners will specify the minimum and maximum

quantities of products and species to be delivered at specified points by specified periods and at specified prices. They will include requirements covering the applicable conservation measures and will provide for the application of pertinent state and federal laws.

Every effort should be made to obtain the cooperation, support and assistance of all interested agencies and persons in publicizing the fact that the FPS need for logs or other products is urgent for war use. Active assistance, in obtaining the interest and cooperation of local forest land owners and operators, by such organizations as the state and county agricultural war boards, the Extension Service, the State Forest Service, and local organizations of all kinds will be especially valuable. While the production of logs per farm woodland or small land owner may be small it can be very large in the aggregate. The volume of needed products obtained from these small forest land owners may depend in no small degree on the extent to which each owner is educated to understand and appreciate the need for logs from his land for war use.

Some major advantages to the FPS of obtaining logs from, and dealing with, stumpage owners and loggers rather than with mill owners or middlemen are that this procurement procedure will enable direct contact with the stumpage owners and loggers and relatively easy inspections of the application of conservation and federal or state legal requirements relative to FPS contracts and agreements. It will, but supplementary to the main objective - increased production -, enable the FPS representatives to demonstrate to these stumpage owners and loggers the advantages of a uniform log scale, log grades and of the specified conservation requirements. It will present an opportunity to educate these persons relative to the benefits to them and their communities of the required practices and of further improved cutting practices. It will insure a fair price being paid for logs and should go far toward establishing fair prices for stumpage. In those cases where logs form the production bottleneck it will permit the FPS to increase production to an extent no other action would equal.

Some major disadvantages to the FPS from dealing with stumpage owners and loggers, rather than with mill owners or middlemen, is that this procedure will necessitate a vast increase in the number of contacts, and agreements or contracts. It will require work in establishing new log grades and the values for each grade, and in selling such log grades and values to the forest land owners and loggers. It will require a large increase in the number of log scalers and it will probably result in the FPS handling under contract the transportation of logs in some cases. The application of this procurement procedure may be expected to require increased supervision, as the small forest land owners and loggers, on the average, will be less well financed and less dependable relative to compliance with agreement or contract requirements than middlemen, concentration yard men or mill owners. It will require increased inspection to check com-

pliance of the greatly increased number of agreements and contracts, and may be expected to increase materially the number of agreements and contracts violated which then must be given special attention in connection with cancellation procedures.

(d) The Large Mill Procurement Avenue

Large mills usually have access to governmental markets for wood products. In some cases, however, the facilities of large mills are not being utilized to full capacity. The FPS may be able to encourage and assist these mills to increase their output irrespective of actual contracts or orders from the FPS.

In a number of cases, large mills will have the most available facilities for milling national forest stumpage, the output of which it is hoped and expected the FPS will be able to increase. In other cases large mills may be the only milling facilities available and capable of producing special products, such as ship deck lumber, etc., which the FPS may need to insure is produced in the quantities and time desired.

In many cases the large mills may be just as anxious to increase production as the FPS but may be deterred from an increased, or a maintained production, by such bottlenecks as lack of logs, labor or special equipment items, transportation facilities, or proper priorities in obtaining equipment. In these cases see items "c" and "i" of this Section and Sections N and O, respectively. It is probable that assisting to solve these production bottlenecks will enable FPS to contribute most effectively in obtaining needed increased production by large mills.

In utilizing the large mill procurement avenue to obtain an increased production of needed wood products, the most desirable action will be through a loan to finance the augmented production with the mill retaining ownership of and responsibility for sale of the products concerned. (See also Section G). If this action is not practicable or satisfactory, purchase contracts or procedures to provide a firm market may be utilized. (See also Section F). In most cases purchase contracts will be made for specific quantities of specified products but they may cover the entire output from certain logs or material in order to obtain a desired portion of the output which would not otherwise be produced. As the large mills usually have lumber finishing facilities, the orders may often be for delivery of the finished product at a specified shipping or delivery point.

The major advantages to the FPS of dealing with large mills are the very material increased output that may be thus obtained at a

minimum of overhead cost and in the briefest possible time. The needed or ordered material may be obtained with a minimum of contacts or contracts and with the least number of violations of the contracts or agreements concerned. It will require the least number of lumber scalers and graders. It will cover in one agreement or contract, production of the finished or near finished products, as compared with other procurement avenues which often necessitate separate contracts for logs, milling, transportation and finishing.

Major disadvantages to the FPS from dealing with large mills are the lack of ability to offer many production incentives not otherwise available to such mills. This form of procurement avenue will usually be the most unsatisfactory from a conservation requirement angle as most large mills will probably refuse FPS orders, which will form but a small part of their output, rather than change their present cutting practices. In such cases production by large mills for the FPS will, therefore, add to the devastation of, or undue injury to, the forest resource involved, although there are some large mills which are outstanding exceptions to this condition.

(c) The Large Wholesaler Procurement Avenue

In a sense the FPS itself will act as a super-wholesaler dealing in all forms of wood products from stumpage to the finished product. In any discussion of FPS activities with wholesalers the point may well be emphasized that the FPS will deal with increased or augmented production of wood products, including the maintenance of production which otherwise would be decreased, and it does not expect or desire to compete with or otherwise interfere with adequate production which can be maintained without action by the FPS.

Wholesalers will usually have access to all governmental markets. In some cases wholesalers may be able to obtain at the earliest date products which the FPS may need immediately. In these cases, when the wholesaler is deemed the most desirable procurement avenue for obtaining the needed products, such an avenue of procurement should be given full consideration. In some cases wholesalers may have finishing or transportation facilities which the FPS may need to use and arrangements may well be made to utilize such of these facilities as are deemed most satisfactory in connection with the particular output or action needed.

In most cases wholesalers will be sufficiently financed so that an FPS loan will have little appeal. If this procedure can be utilized to advantage, however, it will permit the desirable result of the wholesaler retaining ownership of and responsibility for the sale or utilization of the products concerned. The usual procurement procedure with wholesalers will probably be through purchase of the finished product with a final delivery or shipping point designated. In general while there is no attempt to discourage dealing with or through wholesalers when it is considered advantageous to the Program, it is felt

that utilizing this procurement avenue will be an exception rather than a usual or average occurrence. It is not expected that a wholesaler can furnish increased output to the FPS at a cost comparable to other procurement avenues, with reasonable assurance the increased production will not result in undue injury to the forest resource involved.

Some of the advantages to the FPS of dealing with wholesalers are similar to those described in item "d" relative to dealing with large mills, except many of the wholesalers might not have finishing facilities. The disadvantages are also somewhat similar to those outlined in item "d" relative to large mills, except for the added disadvantage that the FPS may expect to pay an increased amount for products obtained from wholesalers to cover the profit and risks for the wholesalers concerned.

(f) The Cooperatives Procurement Avenue

Forest product cooperatives are relatively few. They are, however, important and are expected to become more numerous and important. The FPS should make every possible use of forest product cooperatives in obtaining needed production. In many cases the FPS may be able to encourage and stimulate the formation of new, or increased activities by existing, forest product management, marketing and milling cooperatives. Such action should be beneficial to the land owners, cooperators and to the FPS Program. Available opportunities should be utilized to explain to interested forest land owners the benefits that a cooperative can yield to its members from both forest management and marketing standpoints.

The procedures and practices to be followed in dealing with cooperatives as a procurement avenue will be similar to those outlined for small middlemen and small mills in items "a" and "b" of this Section.

Some major advantages to the FPS from dealing with cooperatives are that such action will enable a material production of the desired products with much fewer contacts, or contracts and agreements, than in dealing with the individual members of the cooperative. It will permit an easy check on compliance with the conservation requirements of the contract as the cooperatives will ordinarily be equally interested in the conservation objectives. Dealing with cooperatives should also facilitate obtaining compliance with other contract or agreement requirements.

Some major disadvantages to the FPS from dealing with cooperatives are their tendency to be unstable and to have weak and inefficient managers. As a result of this condition, which is due primarily to the relative youth and inexperience of most forest product cooperatives, they are apt to be too optimistic in promising production and sometimes not dependable in fulfilling delivery requirements of their contracts or agreements. This will necessitate extra supervision cost and time by the FPS.

(g) The FPS - Own Operations - Procurement Avenue

Direct production action by the FPS will usually be utilized only when satisfactory production of the needed products by other procurement avenues cannot be obtained. It will, however, provided authorized funds are available, be undertaken without hesitation when necessary to provide the required output in an effective and economical manner. There will be all variations in the application of this procurement procedure.

In cases where a sufficient volume of logs cannot be obtained through other procurement avenues, the FPS will purchase stumpage. This stumpage may be sold to loggers, logged under contract, or as a last resort the FPS may log with available labor, including short term guards; such logging will be financed from Administrative Funds. The FPS may purchase, rent or lease the needed mills and if necessary, move them under contract to the desired location. It may then sell, rent or lease the mills, or contract the sawing, or as a last resort may handle the milling by its own labor. (See comment above concerning logging.) Similar action may be taken in obtaining an adequate supply of finished lumber or in handling a transportation problem relative to logs or lumber. In general the FPS will limit its direct production action to those steps necessary to accomplish jobs which it cannot make satisfactory arrangements to have accomplished by others through the capital account. In accomplishing this work by the FPS, full advantage should be taken of available and willing conscientious objectors labor, and of giving army forestry units valuable experience.

When direct action by the FPS is necessary, the first step will usually be the purchase of the necessary stumpage or the purchase, or rental of needed mills. These would then be sold, or operated under lease or contract, or if this was not practicable, the FPS would as a last resort handle the operations itself and pay the expenses from Administrative Funds until the work could be satisfactorily accomplished by others.

Some major advantages to the FPS of using this procurement avenue are that it would permit complete control of the products produced with maximum ability to shift quantities or specifications as needed. It should allow production of the maximum percentage of needed material and output of the minimum percentage of non-essential products. It would permit an accurate check on the cost of similar production work by others. It will give the FPS personnel exceptional training in various phases of the production job which should enable them to advise more effectively other operators relative to similar production work. It should provide an efficient and economical production operation which should yield maximum benefits to the public. Ownership by the public should aid in obtaining needed equipment for repairs, transportation, etc., when needed to maintain or increase production.

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Some major disadvantages to the FPS of using this procurement procedure are the greatly increased supervision which owning and operating stumpage or milling facilities will necessitate. It will necessitate a heavy drag on FPS personnel which it will be difficult to transfer from other work without a loss in other production efforts. It would constitute a very heavy drain on the Administrative Fund. It would probably cause a large amount of opposition from the lumber industry.

(ii) The National Forest Stumpage Procurement Avenue
(See "NFA and FPS" Section B)

The national forests offer an opportunity for obtaining the raw material for production rather than a direct means of increasing the milling of timber. The timber on them is a means whereby production, through the avenues already discussed, may be stimulated.

On many of the national forests in the East cutting is already being done to or beyond the limit of sustaining yield. However, there are unquestionably places where production can be increased by such means as loans to existing or potential operators who need additional capital, or by giving operators an assured market. The FPS membership will draw fully on the information available in the national forest administrative offices about timber available for sales, and will, so far as possible, encourage and aid possible operators in undertaking such sales. Operations by FPS itself, as a purchaser of stumpage with logging and milling contracted, where other avenues do not bring the necessary results, are possible. One way of stimulating production based on national forest timber is to make sure that no opportunities are overlooked for the construction of needed access roads under either special or regular appropriations available for that purpose.

Every opportunity will be taken to effect economics in cases involving national forest timber, as by having one scaling of the logs determine the volume on which stumpage is paid and the volume delivered to FPS under a contract for logs. Local national forest officers have knowledge of the reliability and capability of operators in their territory, as well as of the availability of logging chances suited to the equipment of specific operators, and this knowledge will be drawn on freely.

The major advantages to FPS from placing and aiding operators on national forest land are that the necessary sale administrative work will replace most of the inspection and overhead time usually essential with operations on private lands. Log scaling or other measurement of rough products by national forest officers should not

be repeated, thereby eliminating a cost to FPS in some cases. No conservation clauses will be needed in a contract between FPS and an operator who will do all his cutting on national forest land. The stumpage payments go into the Treasury, and FPS will thus be indirectly increasing revenues. Increased use of national forest timber in meeting the war needs of the nation is desirable, especially from working circles not now being drawn on up to full sustained yield capacity.

There are no disadvantages to FPS in having operations on the National Forests instead of on private lands. Size or character of a specific operation, as previously discussed, may involve disadvantages, but this will not be due to obtaining stumpage from national forest lands. The inaccessibility of much of the stumpage on national forests will limit the extent to which that stumpage will be useful in the FPS program, and possibly more time will have to be devoted to remedying this handicap, on the average, than in the case of other procurement avenues.

(i) Solving Production Bottlenecks

The policies, procedures, advantages and disadvantages relative to the use of major procurement avenues to increase the production of needed wood products have been presented briefly in items "a" through "h" of this Section. In addition there are a number of special production bottlenecks which affect more than one of the individual procurement avenues. The solution of these bottlenecks is discussed or mentioned in this item for supplemental and reference use.

Labor - General (See also Section U)

The major wood production bottleneck today is scarcity of labor. This factor affects production of wood products throughout the entire Nation but is probably most critical in the Pacific Northwest and least critical in the Southeast. On the average the greatest scarcity

is in skilled or semi-skilled woods labor, next in similar classes of mill labor, and last in unskilled, or common labor in woods and mills.

In the solution of this bottleneck, a first suggestion is to avoid areas where there is direct competition with nearby war construction projects or plants, such as cantonment, air field, munition, or ship yard construction jobs or plants. Zones may well be mapped around such especially critical labor areas which should be avoided as far as possible in planning the increased production action program.

When common labor for woods or mill operations forms a major bottleneck a careful analysis of the labor situation in the entire area should be made. Such a survey, and resultant remedial measures, should be undertaken in the closest possible cooperation with federal and state employment agencies available.

Training (See also Section T)

The most critical shortage in most wood production operations is of skilled or semi-skilled woods workers such as fallers and buckers. Logging operators have long considered that the training of a faller or bucker took 5-10 years apprenticeship. The Forest Service, however, using on-the-job training technics already developed has demonstrated ability to train skilled fallers and buckers within 2-3 weeks time. Logging operators should be encouraged and assisted to recruit, and to select from present workers, the best potential material for these skilled jobs, and with the advice of the FPS give them special training in falling and bucking work. Such training should permit not only the filling of vacancies but should make available needed additional trained men for increasing production.

Women (See also Sections U and S)

All available jobs which can be handled satisfactorily by women should be handled by them, not only to fill vacancies but also to release men for filling other jobs which women are not able to handle. We probably don't yet visualize the great extent to which women may replace men in wood producing operations and in FPS.

Seasonal Labor (See Section V)

There are often major opportunities to obtain additional common labor by ascertaining to what degree local labor is not employed throughout the year, such as farm labor which usually operates on a seasonal basis. Such labor can often be encouraged to work one or more months on wood production work with a materially increased out-put. Possibilities here are very great.

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Longer Work Week

The longer work week offers a very real and logical opportunity for directly stepping up production. Also, by giving woods and mill workers a chance to increase their weekly wages, it should help to encourage them to remain in the kind of work where by reason of experience and skill they can contribute most effectively to the war effort.

FPS will make a particular effort to persuade operators to increase output by this means. Maximum Price Regulation No. 161, which as of this date, allows higher ceiling price by \$1.00 to \$2.00 per M for West Coast logs produced by labor employed 48 or more hours per week, is of special interest in this connection.

Additional Shifts

In some cases the operator would be glad to work an additional shift if the labor was available and the FPS may be able to assist in accomplishing this desired condition.

Longer Employment

In some cases the FPS loans or purchased contracts will make possible a promise of yearlong employment which would go far in aiding to obtain and hold desirable labor, especially at small mills usually operated only intermittently.

Military Exemptions

Local draft boards should be informed concerning the importance of the wood production job for war needs, with special reference to deferring the drafting of men whose removal would slow down materially the needed output.

Efficient Use of Labor (See Section T)

Not to be forgotten is the need to work out with the operator the most effective use of the labor available. For example, the production of veneer logs per unit of labor can be increased from 27% to 40% of total log volume by utilizing proper selective cutting as compared to clear cutting. It takes 50% more labor to turn out a given quantity of finished lumber from 7" logs than it does from 14" logs. It has been found that in cutting, peeling and piling hardwood pulpwood one man can produce almost twice the volume of pulpwood in a day from trees 11" d.b.h. than from trees 5" - 8" d.b.h.

Labor Saving Machinery

When other action is not sufficient the logging operators should be encouraged with such FPS help, financial and otherwise, as may be necessary to purchase labor saving equipment, such as falling and bucking power saws which will permit a material decrease in the number of fallers and buckers needed per unit of output.

Roads

Congress has appropriated a special fund for constructing roads over public or private land to make available resources needed for the war. Full consideration should be given to the possibility of utilizing funds from this appropriation to construct roads to reach needed stumpage. The Regional Office has full information relative to the data needed to present an application for an allotment of funds from this appropriation. The Forest Service has little regular road money for other than the maintenance of national forest roads.

Due consideration however should be given to the possibility of utilizing such funds as may be available for building or improving roads needed in connection with the production of wood products in or near national forests. County funds are sometimes available for road construction which will assist local land owners to market their stumpage and the investigation of this possibility by the local owners may often be beneficial. In many cases a road may be needed to make available stumpage owned by many different owners, none of which can afford to finance the necessary road work. The FPS may be able to stimulate construction of the road either by contracting to buy the logs delivered and loaning money for the road work; by assisting the owners to cooperate in financing the road and possibly obtaining the aid of county or Forest Service road machinery available, or by obtaining assistance from county or other road funds, etc.

If the stumpage is needed, the FPS should analyze how the needed road work can be accomplished most economically and effectively. If the analysis indicates the stumpage can be made available at a satisfactory cost and time, the FPS should assist to the extent practicable in the obtaining of the needed road or other transportation facilities.

Other Transportation

It is obvious in view of the rubber shortage that every effort should be made to utilize rail and water transportation facilities rather than road transportation necessitating rubber tired trucks for movement of the wood products. Full consideration should be given to the transportation problem in purchasing stumpage or logs, or in contracting with, or moving, milling facilities. (See also Section N).

Small Mill Equipment and Operation

Many of the small mills, especially the very low output mills, produce such poor quality lumber that their output, unless improved, will be practically useless for the FPS. As fast as possible the District Forest Manager should have these mills inspected by a small mill layout and equipment specialist. In the meantime, the District

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Manager may be able to assist the mill operator to improve materially the quality and quantity of his output by study and utilization of the June 1942 bulletin issued by the Forest Products Laboratory, "Small Sawmills - To Keep 'em Rolling"; copies of this bulletin may be obtained from the Laboratory at Madison, Wisconsin.

Special Equipment Pool

There are a number of equipment items, mainly in the production of special products, for replacement of which the individual mill cannot maintain "spares" yet, when these items must be replaced, it usually means a material curtailment of output for several weeks. Replacements may be needed due to ordinary breakdown, bombing or sabotage. As soon as the need is made clear the FPS will attempt to obtain and hold on hand a reserve supply or pool of these special pieces of equipment for immediate sale and shipment when needed to maintain or increase production. Aircraft plywood veneer dryers, tapeless splices, and hot press equipment will if necessary be purchased and maintained for emergency use. Recent information indicates a shortage of aluminum and stainless steel cauls which may also need to be kept on hand by the FPS. Recommendations should be submitted as deemed necessary, relative to this and other equipment the FPS should have on hand in order to maintain or increase production without undue delay caused by lack of such equipment.

Logs

When logs form a major bottleneck, special attention may well be given to the possibility of utilizing so-called "inferior species" which in many cases are fully satisfactory for many war needs. (See also item "c" of this Section).

Loans. (See Sections G and I)

Priorities. (See Section O)

Price Ceiling. (See Section P)

CHECK LISTS

FPS-W.O

Log Landing Site

1. Correctly located in relation to:
 - (a) Timber
 - (b) Roads(relative to stumpage, mill and lumber shipping point)
2. Is the site large enough?
 - (a) Room for the logs
 - (b) Circulation, to prevent lost time in unloading
3. Is the site already under lease?
 - (a) Terms satisfactory
4. Above flood plain?
5. Logs decked on good ground skids?
6. Is the site planned for efficient use?
 - (a) Decks on the high land
 - (b) Is there a good mill site
 - (c) Adequate sticking ground
7. Fire hazards removed and other fire protection measures taken?
8. Is landing kept open or being clogged with cull logs?

Sticking Grounds

1. Is there sufficient room?
2. Laid out to permit circulation?
3. How wide are the streets; the alleys?
4. Are piles 6' wide - 10' high?
5. Are piles 2' apart?
6. Are foundations even, solid and built to fit the natural ground slope?
7. Sills cut from low grade? (No better than No. 4 common.)
8. Are the specifications for segregating thickness and widths being followed?

9. Are treated or dry stickers being used?
10. Are sticks well aligned from bottom to top of pile?
11. Are stickers flush with ends of boards at front end of piles?
12. Piles roofed as soon as completed? Roofs fastened securely?
13. Roof extends 1 foot in front and $5\frac{1}{2}$ feet beyond rear tier of stickers?
14. Are piles numbered and species, volume, width, length and date piles were completed, shown on each pile?
15. Are streets, alleys and spaces between piles kept clean where piling has been completed?
16. What fire protection measures are necessary?
 - (a) Fire lines
 - (b) Tool caches
 - (c) "No Smoking" signs
 - (d) Water barrels
 - (e) "Property" and "No Trespassing" signs
 - (f) Protected by an organized fire department

aw Mills

1. What is the type of mill?
 - (a) Circle
 - (b) Band

Powered - steam - diesel - gas
2. What daily volume is it capable of producing?
3. What volume is being produced?
4. What is needed to increase production?
5. Is operator satisfied with contract terms?
 - (a) What is he dissatisfied with?
 - (b) Is he a satisfactory operator?
6. How many men in his mill crew?
7. What hazards to life and limb should be corrected?
8. What fire hazards and protection measures have been taken or are needed?
9. What are the wage rates for members of his crew?
10. Is the mill efficient?

- (a) In set-up
 - (b) Sawing and turning logs
 - (c) Carriage and truck alignment
 - (d) Waste in slabbing
 - (e) Waste in edging
 - (f) Are boards edged clear of wane?
 - (g) Are boards properly trimmed of end defects?
 - (h) How much variation in thickness; in same boards; between different boards?
 - (i) What is percent of miscuts? (Should be no more than 3%)
 - (j) Are boards marked for grade and size? Are roof boards marked?
 - (k) Do the sawed boards meet the specifications in the contract?
 - (l) What corrective action has been taken or is needed to improve the operation?
11. What disposition is made of the mill waste?
- (a) Sawdust
 - (b) Slabs
 - (c) Edgings
12. Does the operator maintain his equipment properly?
13. What additional observations were made that will demand attention?

Woods Operations

1. What equipment is being used?
 - (a) What is its condition?
 - (b) Properly maintained
2. What are the road conditions?
 - (a) Need repair
 - (b) New roads needed to avoid grades or wet spots
3. How many men in woods crew?
 - (a) Experienced or inexperienced
4. What work hours are observed?
5. What wage is paid?
6. Is cutting proceeding in accordance with the conservation contract clauses?
7. What condition is the area left in after cutting is completed?
 - (a) Young growth damaged
8. Are the conservation contract clauses in need of changes or modifications in future contracts?

9. What is the reaction of the operator to the conservation requirements?
10. Is crew conscious of how their efforts are aiding the war efforts?
11. What additional observations were made that demand attention?
12. What good practices were found that should be passed on to others?

Concentration Yard

1. Where is it located?
2. Easily accessible or difficult to reach?
3. What are the facilities?
4. How much lumber can be stored?
5. How much lumber can be handled through the finishing plant?
 - (a) One car per day
 - (b) Two cars per day
 - (c) Etc.
6. What shed space is available?
 - (a) What volume can be stored?
7. What is attitude and reputation of the owner or operator?
 - (a) Cooperative
 - (b) Anxious
 - (c) Willing to go all out
8. Is he willing to meet the requirements of FPS or is he inclined towards having FPS meet his own ideas?
9. How many mills deliver boards to his yard?
10. What volume does he customarily handle per twelve-month period.
11. What increased volume could be handled?
12. Is it feasible to handle this increase?
13. Are there adequate fire protection facilities for the yard, plant and shed?
 - (a) Are additional measures necessary?
14. What, if anything, should FPS install to improve the protection so as to give the added security?
15. What additional observations, reactions or helpful suggestions were made or obtained?



Production Quotas

The production requirements that will make up the FPS program will be formulated after consultation with the Requirements Division of the Research Branch in the Washington Office. After this information is obtained, production quotas will be determined for the Regions and allocated with the necessary finances to accomplish the assigned Regional programs. The Region will assign the quotas to the producing districts within the Region and will keep the Washington Office advised as to its ability to meet the assigned quotas within the production time limit. If a Region determines immediately that the quotas assigned cannot be met or determines this to be so after a fair trial, that information should be brought to the attention of the Chief's Office. Under these conditions that portion of the program that cannot be met by the Region will be withdrawn along with the finances and re-assigned to another Region if that course is practicable.

Overall Production Quotas

A tentative overall production quota for all Regions, based on conditions as of 9-1-42, was sent each Region with Acting Chief Clapp's letter of 8-31-42. These are of course now obsolete but are indicative of the size of the organization needed to handle the total FPS job on that basis. Revised quotas will be issued based on final action by the President. These in turn will be revised from time to time as above stated.

Specific Production Quotas

Specific product quotas will be formulated, revised and distributed currently as new information is received concerning needs, availability of supply of equipment, stumpage, labor, markets and other factors. All actual transactions, contracts, etc., by the FPS will be based on these specific production or requirement quotas which will specify the products, volumes and as far as possible, the grades and detailed specifications of the material to be produced. Because of the rapid changes that may be expected in reference to at least some of the items concerned, the specific production requirements will not be included in the handbook. This information will be issued in separate letters with the designation "FPS, requirements, Specifications." A separate folder should be set up in each FPS office for maintaining in one place these production instructions as issued.

Mills must not be kept running just to keep them operating but always to meet considered needs and those which intelligent foresight shows we must be prepared to meet promptly. For example, although the needs may be great in some localities for containers, sheathing and other light materials, caution needs to be exercised against producing an unjustifiably great supply of one inch boards and other small dimension material; but large dimension stock that

can be resawn as needed, and especially large structural timbers, ponton, bridge and railroad structure stock, aircraft lumber and other specialty products are at this time foreseeable urgent needs. (See "stockpiles" below.)

Obviously as the program gets under way, there will be additional items the production of which should be stimulated to varying degrees by the FPS. As this information is obtained from the Requirements Divisions and other sources, these additional quotas will be immediately disseminated to the Region most likely to be able to furnish these items.

There will be portions of the Regional program that will be more critical than other portions. As this information is obtained, the Regions will be informed of which particular items within their quotas should be given the highest priority so that they will be produced at the earliest practicable date.

Stock Piles

Although most procurements will be made to meet specified orders, one of the primary aims of the FPS program is to foresee such needs and to stimulate production to the point where the supply of intelligently anticipated probable needs (See "Regional Quotas") is ahead of the demand. Two kinds of stock piles should result: (1) Specified items to meet war and essential civilian needs; (2) the by-products resulting from the production of (1) and for which there is no ready market other than FPS. This kind of (2) material will come from an operation that is being sponsored because of the need for a particular item of material such as aircraft plywood. To get the needed supply for these purposes from some species, that portion which does not meet the grades for this use would have to be cut into lumber and held until a use is found for it. As an example, Noble Fir will furnish airplane lumber, but only approximately 10 percent of the entire lumber cut from this species will meet the airplane grade. The other 90 percent of the Noble Fir lumber may have to be taken over by FPS and possibly stock piled so as to keep the mill producing the other vitally needed 10 percent. Since there has never been a ready market for much lumber made from Noble Fir, a market will have to be developed - probably by FPS.

There will be other species where the higher grades will have an immediate use or in some instances the lower grades will be immediately salable and the higher grades will have no ready market. In all these instances, when it is necessary to take over the entire production or a portion of the production so as to meet needs that cannot otherwise be met satisfactorily, that action is justified and will conform to the FPS program, subject to Clause I(b) of the Memorandum of Understanding with the C.C.C., copy of which is in this Handbook.

Of course the 3 percent interest provision applies to Capital Funds tied up in FPS stock piles. This fact should be borne in mind in connection with the liquidation of stock piles falling in Class 2

Quota Accomplishment Record and Report (See same caption in Section W)



Policy

Purchase of stumpage, logs, rough board or finished lumber, or other forest products is authorized under the following conditions:

1. The products are within the allocated Regional quotas.
2. The products meet the specifications and grade of the FPS program.
3. The price to be paid is no higher than that being received for similar products in the same general locality or established by a fair and equitable appraisal. (See Chapter H, Volume 6 of the National Forest Manual.)
4. The material is purchased at a price so that on the average of all material acquired, it is reasonable to expect it can be resold at a price which will return at least the purchase price, plus operating costs, plus 3% interest, plus 7% to cover other costs, and losses. (See under "Marketing-Determination of Selling Prices".)
5. There are unobligated funds available for the purpose.
6. There is a satisfactory purchase contractual agreement between the seller and the Forest Products Service acting for the Commodity Credit Corporation.
7. A "Fair Price" to the stumpage grower is assured.

Authorizations

The Chief, Forest Service or his authorized representative will review and if found satisfactory, will approve and execute all contracts of purchase where -

1. The amount exceeds \$150,000.
2. All cases with unusual or special conditions involved.

The Regional Forester or his authorized representative will review, approve and execute purchase contracts -

1. Up to \$150,000.
2. He may delegate this authority to Area Foresters up to \$60,000, depending upon the known ability of the individual and other factors.

The Regional Forester may, if he so elects, refer any purchase case to the Chief's Office for review, comment and counsel before giving his approval to the particular purchase agreement.

Purchase Agreement Forms

The form to be used for all purchases of any kind of forest products is included in Section Y of this Handbook. It is expected that in addition to the standard clauses now included in this form, other special clauses will be added to meet the local situation, as well as the specifications and price schedules for the products being purchased. (See Section B "Duration etc".)

Training

Before these forms are placed in use, the contact men must be trained so they will have a thorough understanding of them and be able to correctly explain the contents to each prospective client. This will obviate future misunderstanding and prevent many difficulties.

Contract Procedures.

Section X of this Handbook sets up the requirements for handling the purchase contracts, number of copies, numbering, paying procedures, including each necessary step from mailing and receiving scale and tally sheets, computations, invoicing, audit, scheduling and certifying of each account for payment.

It is important in following this procedure to get the payment in the hands of the operator or seller at the earliest practical time; the objective being to make payments during the week following the week the products were delivered. This calls for expeditious handling of related documents in the district, area and regional offices.

A "Fair Minimum Price" for logs and stumpage to the farm woodlot owner and other producers of stumpage is an important supplementary objective of the FPS program. It has received special endorsement of the Secretary and has always been of particular concern to the President. This is provided for by a standard clause for use in contracts involving use of FPS funds for procurements of stumpage and logs.

In arriving at the "fair minimum price" and making up price schedules by species and grades for stumpage, logs or lumber, the FPS will be guided by the log specifications found in Section J

of this Handbook. The average percentage of grade recovery from each log grade is also included to be used as a guide to arrive at the log, stumpage or lumber value for each species by each grade. If local grade recovery figures are available, they may be found more applicable than these average figures and should be used.

Two examples are also included here to illustrate how the grade recovery value of log grades is determined. These examples are extended so as to show the market value of the finished lumber products, the log grade values and the indicated stumpage value. The rough board value would be about \$3.00 per M less on the average than the price used in these examples.

Most all costs of logging are fairly constant for a given set of conditions, except hauling. The condition of the roads, size of the logs, length of haul and several other factors affect the hauling costs. As these costs go up, stumpage values go down. Consequently, in setting up price schedules by species, by grades of lumber, logs or standing timber, it is necessary to establish maximum hauling distance so as to insure a fair minimum price to the woodland owners.

In every case the local set of conditions should dictate and govern the price schedules for each locality wherein transactions are contemplated.

BASIS OF ESTABLISHING PRICE SCHEDULES (Refer to Section J)

Estimated Yield in Lumber Grades by Log Grades

EXAMPLE NO. 1

.Yellow Poplar

	<u>F & S</u>	<u>Selects and No. 1 Com.</u>	<u>No. 2 Com.</u>	<u>No. 3 Com.</u>
No. 1	35%	40%	15%	10%
No. 2	8%	42%	35%	15%
No. 3		25%	45%	30%

Lumber Prices - Appalachian Hardwoods - Third Quarter 1942 and
Yield in Lumber Grades 1" and Thicker - Finished Lumber

	<u>F & S</u>	<u>Selects and No. 1 Com.</u>	<u>No. 2 Com.</u>	<u>No. 3 Com.</u>
<u>No. 1 log</u>	35%	40%	15%	10%
Average lumber price at the mill	\$90.71*	\$63.70*	\$39.94*	\$21.81*
	31.75	25.48	5.99	2.18
Grade recovery value from No. 1 log per M				\$65.40
<u>No. 2 log</u>	8%	42%	35%	15%
Average lumber price at the mill	\$90.71	\$63.70	\$39.94	\$21.81
	7.26	26.75	13.98	3.27
Grade recovery value from No. 2 log per M				51.26
<u>No. 3 log</u>				
Yield in lumber grades		25%	45%	30%
Average lumber price at the mill		\$63.70	\$39.94	\$21.81
		15.92	17.97	6.54
Grade recovery value from No. 3 log per M				40.43

* For rough lumber prices deduct \$3.00 per M for shrinkage, seasoning degrade and finishing costs.

Using these grade recovery values and assuming \$12.00 per M for manufacturing costs - with a 20% margin for profit and risk, the following shows how to arrive at a Purchase Price. Since Section R suggests a 15% mark up in making sales - the last half of this example illustrates how to apply the mark up system and how the 20% margin for profit and risk is distributed between the Seller and the Buyer.

Example Appraisal
for Purchase

Percent of Log Grades	20%	35%	45%	100%
Net Selling Price of Poplar	No. 1	No. 2	No. 3	100%
Lumber FOB Mill by Log Grades	\$65.40	\$51.26	\$40.43	\$49.25
Cost of Manufacture	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Log Conversion	53.40	39.26	28.43	37.25
Total Profit & Risk at 20%	<u>10.68</u>	<u>7.85</u>	<u>5.69</u>	<u>7.45</u>
Log Value or Purchase Price	42.72	31.41	22.74	29.80

Example Appraisal
for Sale Price and distribution of Profit and Risk

Mark up at 15%	<u>\$ 6.41</u>	<u>\$ 4.71</u>	<u>\$ 3.41</u>	<u>\$ 4.47</u>
Resale Price	49.13	36.12	26.15	34.27
Cost of Manufacture	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Total Cost to Purchaser	61.13	48.12	38.15	46.27
Selling Price of Lumber	65.40	51.26	40.43	49.25
Profit and Risk to Manufacturer	4.27	3.14	2.28	2.98
Profit and Risk to FPS	<u>6.41</u>	<u>4.71</u>	<u>3.41</u>	<u>4.47</u>
Total Profit and Risk at 20%	10.68	7.85	5.69	7.45

The following example illustrates how to arrive at a fair stumpage price. In this example 20% was used to cover profit and risk to the Buyer. It is necessary in every instance to have a margin to cover the unforeseen risks. The greater the risk the larger the margin.

Example Appraisal
for Stumpage

	No. 1	No. 2	No. 3	Weighted Average
Purchase Price of Logs	\$42.72	\$31.41	\$22.74	\$29.80
Logging Costs	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Spread	30.72	19.41	10.74	17.80
Stumpage Price at 80%	<u>24.58</u>	<u>15.53</u>	<u>8.59</u>	<u>14.24</u>
Profit and Risk at 20%	6.14	3.88	2.15	3.56

EXAMPLE NO. 2

Ash

	<u>F & S</u>	<u>Selects and No. 1 Com.</u>	<u>No. 2 Com.</u>	<u>No. 3 Com.</u>
No. 1 log	45%	28%	15%	12%
No. 2 log	20%	30%	20%	30%
No. 3 log	2%	20%	45%	33%

Lumber Prices - Third Quarter 1942 - Southern Hardwood Producers-
Yield in Lumber Grades 1" and Thicker

	<u>F & S</u>	<u>Selects and No. 1 Com.</u>	<u>No. 2 Com.</u>	<u>No. 3 Com.</u>
No. 1 log	45%	28%	15%	12%
Average lumber price at mill	\$76.42*	\$47.86*	\$29.39*	\$18.50*
	34.39	13.40	4.41	2.22

Grade recovery value
from No. 1 log per M

\$54.42

*For rough lumber prices deduct \$3.00 per M for shrinkage, seasoning
degrade and finishing costs.

	<u>F & S</u>	<u>Selects and No. 1 Com.</u>	<u>No. 2 Com.</u>	<u>No. 3 Com.</u>
No. 2 log	20%	30%	20%	30%
Average lumber price at mill	\$76.42	\$47.86	\$29.39	\$18.50
	15.28	14.36	5.88	5.55

Grade recovery value
from No. 2 log per M

\$41.47

	<u>F & S</u>	<u>Selects and No. 1 Com.</u>	<u>No. 2 Com.</u>	<u>No. 3 Com.</u>
No. 3 log	2%	20%	45%	33%
Average lumber price at mill	\$76.42	\$47.86	\$29.39	\$18.50
	1.53	9.57	13.23	6.10
Grade recovery value from No. 3 log per M				\$30.43

Example Appraisal
for Purchase

Percent of Log grades	35%	45%	20%	100%
Net selling price of	No. 1	No. 2	No. 3	
Lumber FOB mill by log grades	\$54.42	\$41.47	\$30.43	\$43.78
Cost of Manufacture	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Log Conversion	42.42	29.47	18.43	31.78
Total Profit & Risk at 20%	<u>8.48</u>	<u>5.88</u>	<u>3.68</u>	<u>6.25</u>
Log Value of Purchase Price	33.94	23.59	14.75	25.53

Example Appraisal
for Sale Price and distribution of Profit and Risk

Mark up at 15%	<u>\$ 4.98</u>	<u>\$ 3.44</u>	<u>\$ 2.21</u>	<u>\$ 3.83</u>
Selling Price	38.92	27.03	16.96	29.36
Cost of Manufacture	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Total Cost to Purchaser	50.92	39.03	28.96	41.36
Selling Price of lumber	<u>54.42</u>	<u>41.47</u>	<u>30.43</u>	<u>43.78</u>
Profit and Risk to Purchaser	3.50	2.44	1.47	2.42
Profit and Risk to FPS	<u>4.98</u>	<u>3.44</u>	<u>2.21</u>	<u>3.83</u>
Total Profit and Risk at 20%	8.48	5.88	3.68	6.25

Example Appraisal
for Stumpage

	<u>No. 1</u>	<u>No. 2</u>	<u>No. 3</u>	<u>Weighted Average</u>
Purchase Price of logs	\$33.94	\$23.59	\$14.75	\$25.53
Logging Costs	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
Spread	21.94	11.59	2.75	13.53
Stumpage Price at 80%	<u>17.55</u>	<u>9.27</u>	<u>2.20</u>	<u>10.82</u>
Profit and Risk at 20%	4.39	2.32	.55	2.71



General

The Forest Products Service is authorized to use the capital fund from the Commodity Credit Corporation to make loans, advances, and extensions of credit in other forms in cases where lack of adequate finances must be overcome to stimulate the requisite increase in production.

Loan Policy

Loans are authorized within the following policy:

1. The amount loaned does not exceed 90% of the fair appraised value of property, equipment, or forest products that are used as the collateral base for the loan, except as provided in this section of the Handbook under the heading "Security."
2. The applicant provides application for loan (Form FPS 27), financial statement (Form FPS 28) and other documents prescribed by the Forest Products Service.
3. The loans are evidenced by notes (Form FPS-29), payable on demand, bearing interest at the rate of 3% per annum.
4. The loans are secured by mortgage or pledge agreements, or both.
5. The property, equipment, or forest products used as collateral for the loan is free and clear of liens or encumbrances of all kinds, unless the lienholders execute lien waivers in favor of the Commodity Credit Corporation.
6. Adequate provisions are incorporated in the loan agreement to protect the forest resources (Chapter Q).
7. The applicant agrees to the supplemental objectives of the program.
 - a. Fair Labor Standards Act.
(Mr. Clapp's letter of August 31, 1942)
8. The loan agreement is approved by a duly authorized representative of the Forest Products Service.

Authorization for Making Loans

The Chief, Forest Service, or his authorized representative will approve application for loans when:

1. The application exceeds \$50,000.
2. Conditions for making the loan are out of the ordinary or involve unusual considerations.

The Regional Forester or his authorized representative will approve application for loans when:

1. The amount does not exceed \$50,000, and unusual features are not involved. He may refer any application to the Chief's Office for review and comment before giving his approval.

The Area Forester - The Regional Forester may delegate his authority to Area Foresters to make loans, any one of which does not exceed \$5,000.

Appraisals for Loans

1. The regular Forest Service appraisal methods (Chapter H of Volume 6, National Forest Manual) will be used to find the fair value base for making loans for amounts above \$5,000.

2. Transaction evidence - A statement showing that the value assigned is no higher than that being received for similar products in the same general locality, may be used when the amount to be loaned does not exceed \$5,000. When comparable transaction evidence cannot be obtained, then the Forest Service appraisal methods will be used for the forest products under consideration as a collateral base to secure the loan. (See Chapter H, Volume 6, National Forest Manual.)

Forms for Making Loans

The application, financial statement, loan agreement, note and other forms for the purpose of making loans are included in Section Y of this Handbook.

Loan Agreement - with Chattel Mortgage

Under this arrangement the borrower retains possession and ownership of the products. The mortgage must be recorded on the records of the county in which the collateral is located to give notice to the fact that the Forest Products Service has a lien on the products and that all sales by the borrower are subject to such lien.

Before giving approval to loan agreements secured by mortgage field officers should verify the validity of title of the offered collateral through examination of the county records.

Loan Agreement - with Pledged Products

Under this arrangement the borrower surrenders possession of all products produced from funds obtained by him under his loan agreement and pledges them to the Corporation to secure payment of the loan, but he retains ownership. The products are held by FPS as collateral until the loan is satisfied.

Posted notices of this fact on or around the products is the customary way of giving notice to prospective purchasers.

Advances

Under certain circumstances an advance of funds might be the best arrangement to stimulate production. This procedure is for use when the prospective producer needs funds:

1. To move his mill to a new location.
2. To meet his pay roll for a short period at the start of his operation.
3. To buy some new parts for his mill.
4. To buy stumpage.

When the advance of funds procedure is used, there should be a contractual arrangement under which the products produced may be purchased at an agreed price. The contract should include the appropriate clause which deals with repayment of the funds advanced. The pledge procedure might also be used since under this procedure the FPS would obtain possession of the products produced.

No advance will be made except upon the written request of the borrower. Upon approval of such requests by FPS, payment shall be made to the borrower or, when authorized by the agreement, to the borrower's vendor or other party as directed by the borrower.

It is important for the representative of FPS to find and to fit the procedure which is most acceptable to the prospective producer or merchandizer and still be a financially safe venture for FPS.

Dependability of Borrowers

All applicants for loans shall be required to submit a financial statement on FPS Form 28 showing assets, liabilities, references, etc. This information should be shown in comparable detail when other forms are used. The financial reliability and business reputation of an applicant should be verified through inquiry of local banks and individuals given as references. In cases of doubtful reliability a more exhaustive investigation must be undertaken before any advance is granted. Applications will be disapproved when the applicant is unable to satisfy the responsible FPS officer of his financial dependability.

Duration of Loans

Loans shall always be restricted to the shortest possible period without interfering with accomplishment of the objectives of the loan agreements. As a rule long term loans are to be avoided; short term loans are to be preferred even though extensions may become necessary in some cases. Rarely should loan contracts cover a period of more than 12 months. In cases where they are so drawn they are subject to congressional action on the life of the Commodity Credit Corporation.

The obligation assumed by FPS in this matter is defined in paragraph 7 of the Memorandum of Understanding between the Forest Service and the Commodity Credit Corporation, which document is included in Section Z of the Handbook.

Termination of Loan Agreements - for Administrative Reasons

Loan agreements may be terminated by FPS for administrative reasons by exercising its right to call the borrower's note. The reason for so doing must be of a consequential nature--for example, discontinuance of the Commodity Credit Corporation as a legal entity.

For Violation of Agreement

Loan agreements may be terminated by FPS upon appropriate notice to borrower for breach of any material condition of the agreement. All such notices of termination shall be prepared by the Regional Attorney's office, or be approved by that officer. Among the reasons for which action looking to termination of loan agreements may be taken is:

Violation of the Forest conservation provision of the agreement by the borrower, or by a third party with borrower's knowledge.

In the event of maturity and non-payment of a loan, it is to be noted that the standard agreement forms reserve to the FPS the right to sell pledged products and to apply the sale price less costs toward repayment of the loan, returning the balance if any to the borrower. This procedure is for prompt application in the case of any breach of the repayment provision of loan agreements.

Security

Loans may be made upon security of forest products or related real or personal property. With a single exception collateral given in security of a loan must not be less than 112% of the amount loaned. The exception to this rule is limited to strictly temporary periods and is to be applied only in cases when no security or inadequate security is available besides the forest products or other property to be manufactured or acquired with the proceeds of the loan. In such cases minimum advances are authorized provided the required collateral security is supplied as soon thereafter as practicable. The amount of any such temporarily unsecured loan outstanding at any time must not exceed \$5,000, nor shall the aggregate amount for the entire Forest Service of unsecured loans outstanding at one time exceed \$2,000,000, without the prior approval of the Commodity Credit Corporation. The overall limitation for the FPS program will be apportioned between regions according to needs.

In the case of operators of lumber yards, commodities on hand which have not been moved because of the war may, when necessary to accomplish the purpose of the Program, be accepted as collateral on loans when other collateral is not available, on the basis of conservative appraisal of post-war values.

Insurance of Pledged Forest Products

Where pledged forest products constitute the collateral for a loan, in whole or in part, the FPS may require the borrower to insure it with a satisfactory insurance agency in an amount equal to the accrued indebtedness, principal and interest, to the Commodity Credit Corporation. Questions of this character must be promptly met as they arise. They merit most careful consideration. While no hard and fast rule relative to insurance coverage is prescribed, the importance of losses of borrowers by fire and theft at concentration yards and other points at which pledged commodities are stored being held to the minimum, cannot be over emphasized.

It is definitely a responsibility of FPS to take all reasonable precautions to protect pledged commodities in its custody from fire, theft or otherwise. Failure to do so would impose responsibility on the Commodity Credit Corporation for resultant losses suffered by the owners of the forest products.

Use of Moneys Loaned

Money secured under an FPS loan agreement are for use for the purposes stated in the agreement and for no other. To otherwise use such money would constitute a breach of a material condition of the agreement warranting termination thereof and possible prosecution of the borrower under Section 35 of the United States Criminal Code.



LEASES

FPS - W.O.

General

In setting up the organization for the purpose of stimulating lumber and other forest products production, it no doubt will be necessary to lease privately owned land for all kinds of uses; for example, for log landings, mill sites, lumber storage sheds, office space, etc. It is important that all sites used for any purpose be covered by a lease. The lease form to be used for these purposes is made a part of this handbook, copies being placed in the appendix. It is important that the clauses in the lease be thoroughly understood by both parties so as to avoid future difficulties. The site placed under lease should serve in fact the purposes for which it is leased.

A Mill Site

Some of the important things to have in mind are the terrain, the soil, the drainage, whether or not the site is subject to overflow, the fire hazards in that immediate vicinity, the accessibility by good all-season roads, its area in relation to volume of production, its location in relation to places for people to live, and others which will be obvious to the ones with this responsibility.

Log Landing

In leasing a site on which to land several hundred thousand feet of logs, it is necessary to have room not only for the logs, but also for a mill and perhaps for the lumber yard. Where all three purposes are to be served and where a minimum of 300 M bd.ft. of logs will be landed, a site of at least three acres should be made available. On the average it takes an acre of usable ground to supply the yard room for 1,000 M ft. of lumber, with the necessary streets and fire protection strips. The consideration for such a site should be on a fair appraisal basis. In many instances the use of a site should be permitted in conjunction with a Sales Agreement or other contract and no further consideration would be necessary.

Lease Procedures (see also Section X "Payment Procedure")

All leases taken for the FPS program should be prepared in triplicate -- the signed original furnished to the office where the accounts are audited, a copy furnished the Lessor and the other copy filed in the Area Forester's office. Since all leases taken will have a renewal clause, it makes it necessary if the lease is to be extended beyond a certain date, to give written notice at least thirty days before the closing date.

The terms of a lease should reflect the smallest but fair acceptable consideration. It should never be more than a fair rental rate for the area placed under use.

Wherever possible the leased area should be furnished by the owner as a part of the consideration in conjunction with a purchase contract or a loan agreement. The benefits to the owner will be reflected by the shorter haul and consequently a higher stumpage realization because of the lower costs.

The use period covered by the lease should be sufficient to permit the full use for which the area is needed but must be the shortest period that will sufficiently cover the needs.

The Area Forester may delegate the authority to his District Forest Managers to sign leases for the needed sites within their respective Districts. Each District Forest Manager should thoroughly understand the site requirements, and should avoid special clauses as far as possible. The Area Forester should require all leases to be sent to his office for signature when special clauses increase to any great extent the consideration for use of the site. Under certain conditions the Area Forester may refer the lease to the Regional Forester for acceptance.

A promise card system should be immediately set up so as to prevent the elapsing of any lease prematurely. The promise card should show the name, the site number, the use and the consideration to be paid. These cards should be filed alphabetically and cross-referenced to a tabular numerical list for safety of operation and ready reference.



Smaller War Plants Corporation

The Smaller War Plants Corporation was created by the Act of June 11, 1942 (Public Law 603 - 77th Congress), with capital stock of \$150,000,000, all of which is to be subscribed by the United States with authorization to appropriate that sum to enable the Secretary of the Treasury to make payment for such capital stock when payment is called for by the Corporation's board of directors. The Corporation is empowered, among other things, to (a) make loans or advances to enable small plant construction, conversion, or expansion, (b) finance the acquisition of equipment, facilities, machinery, supplies, or materials, (c) supply operating capital, (d) purchase or lease land, (e) purchase, lease, build, or expand plants, and (f) enter into contracts with the United States Government and any agency or officer thereof having procurement powers obligating the Corporation to furnish articles, supplies, or materials. Whenever the Chairman of the War Production Board certifies to any Government procurement officer that the Corporation is competent to perform any specific Government procurement contract, it shall be the duty of such officer to let the contract to the Corporation upon such terms and conditions as may be specified by the WPB. The Corporation may subcontract for the performance of such procurement contracts by small concerns. When a transaction is completed under (a), (b), (c), (d), or (e) the loan, advance, plant, or property involved shall be transferred to the Defense Plant Corporation which shall service and administer such loan, advance, plant, or property, as agent for the Smaller War Plants Corporation, remitting to it any interest, principal, or other proceeds or collections after deducting its actual expense of service and administration.

The Act makes it the duty of the Chairman of the War Production Board, through his deputy, to mobilize aggressively the productive capacity of all small business concerns, and to determine the means by which such concerns can be most efficiently and effectively utilized to augmenting war production; also to cooperate to the fullest practicable extent with the Director of Civilian Supply and other Government agencies in the issuance of all orders limiting production by business enterprises with a view to insuring utilization of small concerns in the production of supplies for war and essential civilian purposes. The Chairman is also authorized to direct the attention of Government procurement officers to the potential productive capacity of these small plants and to take such action as will result in granting them Government contracts.

In Section 3 of the Act Congress recognizes that small plants are frequently unable to produce certain articles at as low a unit cost as large plants, and on that account it may be necessary for the Government to pay a higher unit price for such articles to small plants than it pays to large plants.

The extent, if any, to which the Smaller War Plants Corporation may be of assistance to the FPS is not yet known, and probably will not be known until the Corporation is better organized and ready to exercise its powers. We are in touch with their Washington officials, and it is anticipated that the FPS and the Corporation will be able to work out a mutually satisfactory basis for correlating their respective activities to the end that there may be no overlapping or conflict of interests.

Saw Log Grades (Suggestions for Application of)

It must be realized when using log grades that the lumber grade recovery from each grade is based on averages. The percents of recovery of graded lumber from a single log probably would be considerably different than these averages. It would be very unwise to check these grade recovery percentages unless enough logs were checked so as to arrive at an average. It is also necessary to keep in mind the difference in quality of standing timber of the same species in the various Regions when grade recovery percentages are being determined for the purpose of fixing prices. For instance, it has been found that hard maple in the State of New York will yield a greater percent of the higher grades of lumber than the hard maple cut in the Lake States. This is important because one set of prices for the log grades for the whole country would not give the sound basis for this operation. Therefore, a No. 1 log in New York and the Lake States must necessarily have a different value because of the difference in high quality yields of lumber. This same set of variations will also be found within a particular region and must be constantly borne in mind when setting up price schedules.

The primary purpose of log grading rules is to classify timber or logs into logical quality and value classes. It should be clearly understood though that it is impossible to write a set of specifications sufficiently clear and complete that literal interpretation and application will always give uniform results. It is impossible to hit the nail on the head every time. However, with log grading specifications based on sound principles and applied with intelligence and judgment, satisfactory approximations of quality should be obtained for each species.

It is impossible to put down on paper a clear description of all of the factors that affect the quality of logs. Log grading rules are the primary guide. In addition the scaler must also use his judgment in determining the damaging effect that certain types of defects will have upon the grade yield. A few examples are given below showing cases where the scaler should use his judgment, subject to the policy of the Region in which he is employed.

1. A 16' surface clear red gum log 24" in diameter has a very defective butt, but the scaler feels certain that if he theoretically cuts off 4' the rot will clear up. This log should not be graded as a No. 2 log, but should be given the scale of a 12' log and graded as a No. 1 log.

2. A 16', 30" surface clear yellow poplar log is 55% defective due to center rot. If the grading rules were interpreted strictly literally this log would be a cull. This particular log, however, is better than a small No. 2 log, so instead of culling it, it should be graded as a No. 2 log and given a net scale of 45% of its gross contents.

Many other examples could be given showing examples where the scaler should use his judgment, but the two examples given above are believed to be sufficient to clearly illustrate the principle under consideration.

Ordinarily, the deductions for sweep should not exceed one-half of the total deductions permitted.

The attached log grading specifications have been tied into lumber grading specifications as closely as possible. It will be noted that they follow the suggestions of the Forest Products Laboratory and other Research units very closely.

According to these log specifications, 50% defect is the maximum permitted due to wartime conditions. This would class logs having more than 50% defect as culls. However, this should be accepted as the general rule and the Regional Forester may permit up to 66% defect if he determines this action is desirable and necessary in order to be consistent with National Forest sales practice.

Logs should be cut to obtain the greatest yield of the higher grades. This may be accomplished by correct log lengths, butting of swells, rot, crook, etc.

Aircraft Logs

The log grades included here, unless otherwise specified, are to cover the common lumber grades. The specifications for aircraft veneer logs will be furnished for insertion.

Grade Recovery (See statement and tables under this heading deeper in this Section.)

Northeastern Softwoods

Log rules for the five softwoods for the Northeast are also attached. They follow closely the NETSA rules but are less detailed and are in the same form as other rules included here. Lumber yield percentages are not available for these log grades. Better to obtain locally although NETSA does not seem to have data by log grades but possibly could compile them if needed.

Saw Log Grades for Second Growth Longleaf Pine,
Shortleaf Pine, Slash Pine and Loblolly Pine

Log Grade	Minimum Diameter	Length	Maximum defect permitted including sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	12"-15"	12' +	20%	Clear; no knots or indication of any.
"	16" +	12' +	30%	Two clear faces or 75% of the three faces clear in one piece.
No. 2	10"-14"	12' +	40%	Sound tight knots not more than $1\frac{1}{2}$ " in diameter.
"	15" +	12' +	50%	Sound tight knots not more than $2\frac{1}{2}$ " in diameter.
No. 3	8" +	12' +	50% #	Any log below No. 2 that is generally utilized.

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long 20 percent, 14' long and other lengths 40%. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. # Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Saw Log Grades for Beech, Elm, Soft Maple, Scarlet Oak, Pin Oak, Black Oak, Chestnut Oak, Black Gum, Tupelo Gum and Cottonwood

Log Grade	<u>Minimum</u> Diameter	Length	Maximum defect permitted including sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	14" +	10' +	30%	5/6 clear in not over 2 clear cuttings each not less than 5' long
No. 2	12" +	10' +	40%	2/3 surface clear in not over 3 clear cuttings each not less than 3' long
No. 3	10" +	10' +	50% [#]	1/2 surface clear in clear cuttings each not less than 2' long

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches. Smaller diameters than 10" may be accepted if stipulated.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long 20 percent, 14' long and other lengths 40%. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. [#]Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Saw Log Grades for Sugar Maple, Yellow Birch,
Northern Red Oak, Basswood, Ash and Black Cherry

Log grade	<u>Minimum</u> Diameter	Length	Maximum defect ^{1/} permitted in- cluding sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	12"-15"	10' +	20%	5/6 clear in one clear cutting for butt logs; clear entire length of other logs.
No. 1	16" +	10' +	30%	5/6 clear in not over two clear cuttings each not less than 5' long.
No. 2	10"-14"	10' +	30%	2/3 clear in not over two clear cuttings each not less than 3' long.
No. 2	15" +	10' +	40%	2/3 clear in not over three clear cuttings each not less than 3' long.
No. 3	10" +	10' +	50% [#]	1/2 clear in clear cut- tings each not less than 2' long.

^{1/} No. 1 and No. 2 maple logs should not have more than one-half of their diameter in black heart or mineral stain. More than this should degrade the log at least one grade.

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches. Smaller diameters than 10" may be accepted if stipulated.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long 20 percent, 14' long and other lengths 40%. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. #Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cutting should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Saw Log Grades for Yellow Poplar, Sweetgum, White Oak, Overcup Oak, Cow Oak, Post Oak, Cherry-Bark Oak and Water Oaks

Log grade	Minimum Diameter	Length	Maximum defect permitted including sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	16"-20"	10' +	25%	5/6 clear in one clear cutting.
No. 1	21" +	10' +	30%	5/6 clear in not over two clear cuttings each not less than 5' long.
No. 2	12"-15"	10' +	30%	2/3 clear in not over two cuttings each not less than 3' long.
No. 2	16" +	10' +	40%	2/3 clear in not over three clear cuttings each not less than 3' long.
No. 3	10" +	10' +	50% [#]	1/2 clear in clear cuttings not less than 2' long

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches. Smaller diameters than 10" may be accepted if stipulated.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long 20 percent, 14' long and other lengths 40%. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. #Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Saw Log Grades for Eastern White Pine

Log grade	<u>Minimum</u> Diameter	<u>Length</u>	Maximum defect permitted in- cluding sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	13" +	8' +	10%	Surface clear
No. 1	13" +	10' +	30%	Must be 50% clear in cuttings at least 8' long or one face clear full length
No. 2	9" +	10' +	30%	Sound tight knots not larger than $2\frac{1}{2}$ " in diameter. Occasional larger knots permitted if others are not larger than 2".
No. 2	17" +	8' +	40%	Tight knots not over 3" in diameter. Occasional larger knots permitted if others are tight and not over $2\frac{1}{2}$ " in diameter.
No. 3	6" +	8' +	50% #	Any log below No. 2 generally sawed. Logs with knots 4" or more in diameter in whorls less than 2' apart not accepted unless $\frac{1}{4}$ the full length has knots only 2" in diameter.

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches. Smaller diameters may be accepted if stipulated.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long, 20 percent, 14' long and other lengths 40%. Shorter logs may be accepted if stipulated. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. #Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Saw Log Grades for Red Pine

Log Grade	<u>Minimum</u> Diameter	Length	Maximum defect permitted in- cluding sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	13" +	8' +	10%	Surface clear; no shake
No. 1	13" +	10' +	20%	Must be at least 50% clear in cuttings 8' or longer or clear one face full length. No shake.
No. 2	9" +	10' +	30%	Sound tight knots not over $2\frac{1}{2}$ " in diameter. Oc- casional larger knots if other knots not over 2" in diameter.
No. 2	17" +	10' +	40%	Sound tight knots not over 3" in diameter. Occasional larger knots if other knots not over $2\frac{1}{2}$ " in diameter.
No. 3	8" +	10' +	50% [#]	Any log below No. 2 generally sawed. Logs with knots 4" or more in diameter in whorls less than 2' apart not accepted unless $\frac{1}{4}$ the full length has knots only 2" in diameter.

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches. Smaller diameters may be accepted if stipulated.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long, 20 percent, 14' long and other lengths 40%. Shorter logs may be accepted if stipulated. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. #Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Saw Log Grades for Spruce and Balsam

Log Grade	Minimum Diameter	Length	Maximum defect permitted including sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	8" up	12'	20%	Sound tight knots not over 2" in diameter or in whorls closer than 2'.
No. 2	8" up	10'	50% [#]	Sound tight knots not over 3" in diameter not in whorls closer than 2', unless 1/4 full length has knots only 2" in diameter.

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches. Smaller diameters may be accepted if stipulated.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long, 20 percent, 14' long and other lengths 40%. Shorter logs may be accepted if stipulated. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. [#]Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Saw Log Grades for Eastern Hemlock

Log Grade	<u>Minimum</u> Diameter	Length	Maximum defect permitted including sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	8" +	10' +	25%	Sound tight knots not over $2\frac{1}{2}$ " in diameter or in groups less than 2' apart. Shake not over 15% of gross scale.
No. 2	8' +	10' +	50% [#]	Sound knots; no size limitation. Shake not over 25 percent gross scale. Logs Generally sawed for lumber.

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches. Smaller diameters may be accepted if stipulated.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent. 16' long, 20 percent, 14' long and other lengths 40%. Shorter logs may be accepted if stipulated. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. [#]Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Aircraft Logs

(Specifications will follow at a later date)

Grade Recovery

The estimated yield in lumber grades by log grades in the following tables is based on broad averages. Considerable variation in grade yields will be found between different regions and also between operations within the same regions. The characteristics of the timber, peculiar to certain localities, the skill and efficiency of the sawyer and the edgerman, will all affect the lumber grade yields considerably for the same species, size and grade of log. This may be pointed out by referring to the quality of Sugar Maple in the Lake States as compared to that found in New York State and the Appalachian Region. The percentage yield in the better grades of lumber, for the same size and grade of log, will be considerably more in the Appalachian-New York Region than in the Lake States Region. The same thing will be true, but to a lesser degree, between operations within these regions. These facts are pointed out in order to show that if the estimated grade yields by log grades and species as given in the following tables are checked by mill scale studies, a considerable variation may be expected between different operations for the same species, same size and grade of log.

Estimated Yield in Lumber Grades by Log Grades

(Averages of not less than 100 logs. Never use for individual logs)

Species	Grade	F & S	No. 1 Com.	No. 2 Com.	No. 3 Com.
Sweet Gum	No. 1	50%	30%	10%	10%
" "	" 2	20%	35%	30%	15%
" "	" 3	2%	30%	43%	25%
Yellowpoplar	No. 1	35%	40%	15%	10%
" "	" 2	8%	42%	35%	15%
" "	" 3	-	25%	45%	30%
White Oak	No. 1	40%	35%	15%	10%
" "	" 2	10%	40%	25%	25%
" "	" 3	2%	24%	37%	37%
Red Oak <u>1</u> /	No. 1	40%	35%	15%	10%
" "	" 2	12%	40%	28%	20%
" "	" 3	3%	26%	35%	36%
Water Oak <u>2</u> /	No. 1	35%	40%	12%	13%
" "	" 2	9%	43%	25%	23%
" "	" 3	2%	22%	37%	39%
Cow Oak, Overcup, No. 1 and post	" 1	35%	35%	15%	15%
" " " "	" 2	6%	40%	25%	29%
" " " "	" 3	-	25%	35%	40%

1/ Cherry Bark Oak2/ Nuttall, lowland black, willow and pin oaks, Mississippi Delta and river bottoms.

Estimated Yield in Lumber Grades by Log Grades

(Averages of not less than 100 logs. Never use for individual logs)

Species	Log Grade	F & S	No. 1 Com.	No. 2 Com.	No. 3 Com.
Beech	No. 1	20%	40%	18%	22%
"	" 2	4%	30%	30%	36%
"	" 3	-	20%	35%	45%
Elm	" 1	45%	30%	10%	15%
"	" 2	15%	35%	30%	20%
"	" 3	-	25%	45%	30%
Soft Maple	" 1	25%	35%	17%	23%
" "	" 2	8%	32%	26%	34%
" "	" 3	-	20%	35%	45%
Black Oak, Scarlet Oak & Chestnut Oak	" 1	25%	30%	25%	20%
" "	" 2	5%	32%	33%	30%
" "	" 3	-	25%	35%	40%
Black Gum <u>1/</u>	" 1	45%	30%	10%	15%
" "	" 2	15%	35%	30%	20%
" "	" 3	5%	30%	40%	28%
Tupelo Gum	" 1	45%	30%	12%	13%
" "	" 2	15%	35%	30%	20%
" "	" 3	2%	30%	40%	28%
Cottonwood	" 1	50%	30%	15%	5%
"	" 2	18%	35%	30%	17%
"	" 3	6%	30%	44%	20%

1/ Swamps and river bottoms.

Estimated Yield in Lumber Grades by Log Grades

(Averages of not less than 100 logs. Never use for individual logs)

Species	Log Grade	F & S	Selects &		
			No. 1 Com.	No. 2 Com.	No. 3 Com.
Sugar Maple	No. 1	25%	40%	12%	23%
" "	" 2	7%	38%	25%	30%
" "	" 3	-	15%	35%	50%
Yellow Birch	" 1	30%	40%	10%	20%
" "	" 2	8%	32%	25%	35%
" "	" 3	-	17%	35%	48%
Basswood	" 1	35%	30%	20%	15%
"	" 2	10%	35%	30%	25%
"	" 3	4%	20%	41%	35%
Ash	" 1	45%	28%	15%	12%
"	" 2	20%	30%	20%	30%
"	" 3	2%	20%	45%	33%
Black Cherry	" 1	25%	35%	20%	20%
" "	" 2	5%	35%	30%	30%
" "	" 3	-	20%	40%	40%
N. Red Oak	" 1	40%	35%	15%	10%
" " "	" 2	15%	35%	30%	20%
" " "	" 3	4%	26%	35%	35%

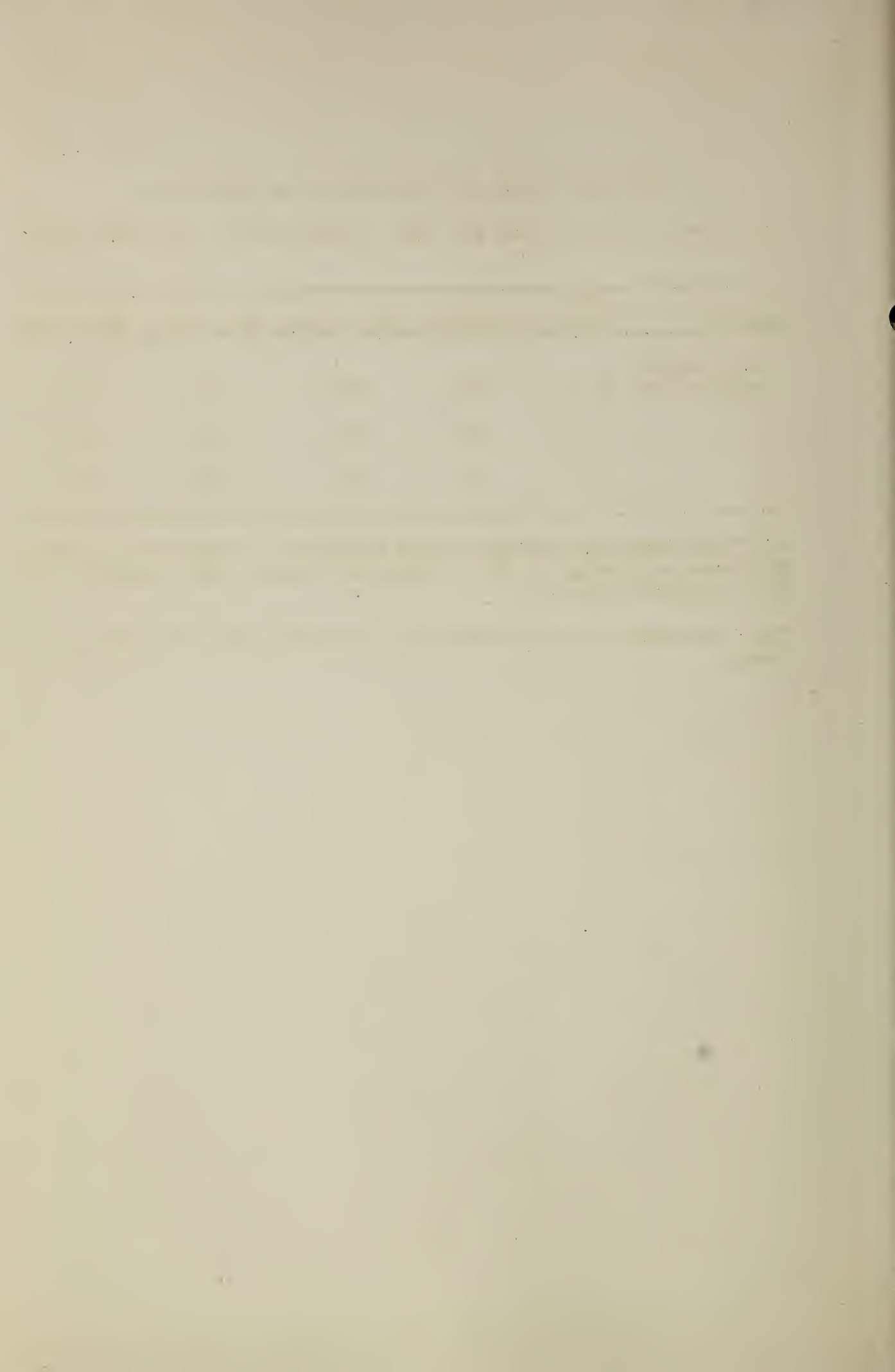
Estimated Yield in Lumber Grades by Log Grades

(Averages of not less than 100 logs. Never use for individual logs)

	Log				
Species	Grade	B & Better	No. 1 Com.	No. 2 Com.	No. 3 Com.
Second Growth					
Southern Pine	No. 1	28%	28%	34%	10%
"	" 2	15%	25%	45%	15%
"	" 3	3%	15%	65%	17%

Old field stands particularly young stands can be expected to yield a much lower percentage of No. 1 common and better; down possibly to 8 to 10 percent woods run.

This difference in yield largely will be taken care of by the log grades.





SPECIFICATIONS - (LUMBER SAWING AND OTHER)

FPS - W.O.

General

Specifications for lumber sawing and other processing to be done under the FPS program must be furnished to each operator for each species to be sawed or otherwise processed. This is necessary whether or not the logs being sawed are owned by the FPS or owned by an operator or other owner and the products are being purchased by FPS. The specifications should be made a part of the contract with the mill owner or operator. This will furnish the basis of obtaining the maximum of items needed for specific uses.

Specifications - (dimensions - species - etc.)

(See Section E "Quotas")

Specifications - (Contract Clauses)

(See Section Y "Contract Clauses")

Piling and Storing Logs, Lumber and other Products
(See Sample Contract Clauses in Section Y)

The FPS program is set up to do all things necessary to stimulate production including the purchase of products in either rough or finished forms. The products that are purchased or products on which loans are made must meet the specifications and grades in accordance with Section J of this Handbook or be the products that are obtained in the production of products to meet these specifications. It is important that purchased products or products on which money is loaned in some stage of production receive proper care to prevent loss or deterioration.

Logs

When logs are the products purchased or on which funds are loaned and they are landed at a receiving site, decked ahead of sawing, there should always be skidways provided so as to keep the bottom tier of the log decks off the ground. All decked logs should, if possible, be sawn into boards and placed on sticks before the hot seasons of the year arrive. If this is not possible, the logs should be landed and stored in water to be sawed at some future date, preferably before the logs sink. There are many species that can be held in water for several years without great loss by sinking. The length of time that logs can be stored in the water is dependent upon the species of logs stored and also upon the depth and the stability of the water. Shallow water with a stable water line where logs can be retrieved with a pike pole even though they do sink, would be much more usable than deep water where the logs would be lost if they sank.

Lumber

Care of lumber is primarily a matter of piling. Some suggested clauses and specifications are included in Section Y for consideration when contracts are being awarded for the purchase of lumber or where the FPS is financing the production through the loan procedure or where a contract mill is sawing logs owned by FPS.

Airplane veneer and lumber grade logs should receive special consideration, should be disposed of before the possibility of any degrading, otherwise the purposes of acquiring them would be lost. If at all possible, when woods-run logs are being purchased, the airplane stock logs should be hauled to the loading point for shipping to the mill that will manufacture the veneer or airplane lumber. By handling these logs in this manner,

duplicate handling and additional expense will be prevented.

Log landing sites should be laid out so that the log decks are on the highest ground on the site. The skidway should be cribbed up so as to make up the difference in the terrain, the mill should be placed at a lower level so that the handling of the logs from the banking ground would be downhill.

The sticking ground should be away from the plant far enough that it is safe from any fires that might start at the plant and also on ground high enough that it is not subject to flood or overflow. Log landing sites should be planned out in advance of leasing so that the site finally leased would serve all purposes for which the site is being placed under lease and at minimum expense.

Lumber

Piling lumber:

Care of lumber is primarily a matter of piling when contracts are being awarded for the purchase of lumber, or where FPS is financing the production through the loan procedure, or where a contract mill is sawing logs owned by FPS. Established yards may use existing piling methods and yard facilities, provided they are approved by the Forest Products Service.

Other Products

Cooperage, tight:

In the tight cooperage industry the bolts are cut and quartered in the woods. In this condition they are hauled to the stave mill and sawed into rough staves and piled for air-drying. After they are air-dried, they are shipped to the finishing assembly plant. The FPS might purchase the cooperage bolts, but if they are purchased, they should be stored in such a manner at the stave mill that excessive checking can be prevented. All stave bolts are cut so as to have two or three inches of end trim to provide for some end checking, but any excessive checking would degrade the bolt so that they could not be cut into tight barrel staves. The safest storage for tight cooperage is in the rough sawed staves. Consequently, care should be taken not to bank stave bolts so far ahead of a stave mill so as to run the risk of having the bolts deteriorate before they are sawed. If a delivery schedule could be worked up whereby the bolts are banked ahead of the mill operation for no more than two weeks, the greatest safety from degrading the bolts would be assured. Schedules should be worked out with the mill operator

if he is purchaser or contractor from or with the FPS so that his plant can stay in continuous operation.

Cooperage, slack:

In the slack cooperage industry the woods operation is ordinarily carried on as any other log operation. The logs are taken from the woods and stored in a mill pond, lifted from the mill pond with a bull chain, conveyed by a cut-off saw and stave and heading bolts are cut; the stave bolts being quartered, placed in hot vats for a number of hours, taken from the hot vats and sliced into staves. The staves are piled under sheds for air-drying. When they are air-dried, they are jointed with a foot power machine and bailed for shipping to the finishing plant. The heading bolts are conveyed to circle heading saws with a swing carriage, sliced into pieces of a standard gauge, piled on the yard for air-drying and at the green receiving end of dry force-draft kilns. After a period of drying in the kilns, they come out at the dry end where they are planed on one side, jointed with a six-knife high-speed jointer, machine-turned and bailed for shipping to the finishing plant. The FPS program might be plugged in at most any stage along this production line. It is more reasonable to expect that the FPS would buy and sell logs at the mill pond, but FPS might process the logs through to the green stage of the stave or the heading pieces. At any rate, care must be taken of the products to prevent the loss of value and degrading below the purpose for which they were purchased.

Pulp:

Dry pulp purchased by the FPS should be stored in a warehouse accessible to both rail and highway transportation. Important in storing this product is to see that it is protected from fire, rodents, and other hazards that might in any way harm or destroy the products purchased.

Plywood:

The plywood industry has a very definite method of storing their products. Ordinarily they are put up in standard size packages, grade marked and stored in a warehouse, weather tight. In the FPS if products of this nature are purchased, they should also be stored in the same manner as practiced by the industry. The warehouse should be accessible to both rail and highway transportation facilities with adequate protection either furnished by the municipality or installed by the FPS against fire, pilferage or other destructive forces.

Fuel Wood:

Fuel wood purchased and concentrated at receiving sites should be placed on skids and ricked in piles for air-drying. Fuel wood is one product that does not deteriorate, but becomes more usable as drying processes take place. The wood should be allowed to dry from three to six months before it is ready for marketing. If the fuel wood is properly stored, little or no deterioration will take place. Here again adequate protection should be provided from all kinds of losses.

After the program gets under way and experience shows other things that must be guarded against, check lists will be furnished as amendments to this Section.



FPS - W.O.

Policy (See also Priorities - Section O)

In order to administer properly this program and to attain the ultimate objective of securing increased lumber production, it may be necessary for the FPS to procure various types of heavy, mill and motorized equipment or parts thereof. However, equipment of this class will only be purchased after reasonable efforts to contract locally or regionally for the use of such needed equipment have been exhausted. In other words, if equipment for some phase of an operation under this program is needed and such equipment can be rented at reasonable rates, this should be our course of action rather than to attempt to secure new equipment through purchase. Such procedure will naturally tend to get the equipment into actual use more expeditiously than by the comparatively slow process of securing through purchase and further, this will fit itself into the tempo of the whole program which will require relatively speedy action where it is determined that action to stimulate production of lumber is to be taken. Important also is the fact that this procedure will hold to a minimum the use or consumption of critical materials for this program, that might otherwise go into equipment for direct war use and it is hoped that quotas can be reached without creating any further substantial demands on such materials. If it is not possible to rent a needed piece of used equipment and the purchase of such equipment appears practicable, and it can be obtained through purchase, arrangements for its procurement may be made through proper channels. In case equipment or parts thereof are purchased, arrangements for their sale should be made as soon as possible so that the ownership will pass from the FPS. This will thereby release the Capital Funds used in the purchase, reduce record keeping and will prevent the necessity of disposal of large equipment inventories during the period of final liquidation of the program.

As the program progresses, it may develop that pools of certain classes or types of equipment or parts are necessary for replacements, in which event purchases of used (or new) equipment would appear more logical as these pools would be held as a reserve and a sufficient amount of time would undoubtedly be available in order to take the necessary steps to secure through purchase.

Procedure for Rental or Purchase(a) Heavy Equipment (New, purchase of)

Any proposed purchases of new heavy equipment must be cleared by the Chief's Office and purchased through the Division of Purchase, Sales and Traffic the same as is required on other purchases

by the Forest Service. In addition to the items listed on CA-H2-3(4) Vol. 1, Forest Service Manual any contemplated purchases of complete or substantially complete sawmill or planing mill units must be referred to the Chief's Office for appropriate action. Likewise, any power units for the operation of the mill units must be purchased by the Chief's Office through the Division of Purchase, Sales and Traffic.

(It is hoped that we will receive Departmental waiver of usual purchasing procedure with respect to heavy equipment in which event the procurement of heavy or motorized equipment for the FPS will be delegated to the Regional Office together with further instructions.)

(b) Heavy Equipment (New or used, rental of - See Section X)

Where it has been determined that major pieces of equipment are to be rented for use by the FPS or cooperators the Regional office should follow normal manual procedure in obtaining such equipment with thorough consideration being given to the responsibilities of all parties involved insofar as loss or damage is concerned. Equipment used in a logging or milling operation necessarily receives rough treatment and breakdowns and damage are apt to be much more frequent and serious than might be expected; hence, all parties concerned should have a clear written understanding of the risks and responsibilities that they are assuming. Further, it should be made clear the exact nature of the work on which the equipment is to be used as this will tend to establish that which may be considered as ordinary wear and tear and that which might be classed as unusual damage or loss. To establish responsibilities, risks and nature of work to be accomplished before actual rental, will eliminate to a marked degree controversies and legal entanglements in the event of loss or damage of equipment under rental.

In obtaining the use of heavy equipment on the rental basis, the normal procedure outlined in the Forest Service Manual Vol. 1 should be followed. In most cases the equipment that will be available will be used or second-hand and may need repairs of various degree to place it in first-class operating condition. Also, the location where the equipment is to be used and availability of suitable equipment must be taken into consideration. The necessity for prompt action in getting the project into active production must also be taken into account. There will doubtless be peculiar conditions found in each locality. The procurement procedures outlined in the manual are sufficiently broad to be applicable to all circumstances and emergency conditions encountered in pursuing an aggressive policy of prompt and business-like action on the ground.

Where the conditions encountered, transportation requirements, availability of suitable equipment are such as to make it impracticable to follow the regular bid procedure and the exigencies of the situation are such as to be classed as an emergency, there need be no hesitation to proceed to obtain the required equipment without bids. In such cases, as the Forest Service Manual clearly explains, plain unvarnished exigency statements are necessary to support the absence of or impracticability of obtaining the customary bids, clearly showing these facts. If in doubt as to just what action should be taken in a given case, get in touch immediately with the Regional Office for advice and assistance.

After the emergency conditions in connection with rentals have been established, a simple rental agreement the same or similar to that included on page 1, GA-M4-4 is to be executed by the Regional Office and distributed in accordance with fiscal procedure attaching a supporting exigency statement as previously explained, setting forth the conditions under which the particular agreement was entered into.

Record of Equipment Rented (see also (c))

A record will be kept by each Region of each major item rented setting forth (1) type of equipment rented; (2) appraised value; (3) location; (4) rented from whom; (5) period of rental; (6) cost of rental, per day or week, etc.; (7) whether it would be available for transfer outside the Regional area on a rental or purchase basis, and if so, when; (8) condition of equipment. This information will be requested periodically by the Chief's Office. The record will be maintained by the Division of Finance and Banking. (See Section X "Property Accounting".)

The purpose of such a record is to establish on paper a pool of equipment that might be transferred to other Regional areas. Hence, information given under the above captions should be in sufficient detail to enable the Chief's Office to determine whether the particular equipment might be used elsewhere and whether it is in good enough condition to justify its transportation and use at perhaps some distant point.

Being in a position and able to transfer or properly distribute equipment from one area to another may easily be the difference between success and what might be classed as failure, insofar as results obtained are concerned. It is, therefore, important to bear in mind that your reports on equipment rentals will be a definite aid in establishing the availability of needed equipment elsewhere.

(c) Heavy Equipment (Used, purchase of)

As set forth under the statement of policy it might develop that purchase of equipment may be necessary in order to establish pools of equipment to be held as a reserve for emergencies, replacement or special work and in this regard the purchase of used equipment should be resorted to wherever practicable in order to conserve critical materials needed for the direct war effort. In addition to the possible need of establishing pools, it will undoubtedly be necessary to purchase second-hand equipment for current projects and such equipment should be purchased as near location as possible keeping in mind as to what future use might be made of the particular unit insofar as the FPS program is concerned. In other words, this again would lend itself to, or aid in the over-all job of, placing ourselves in the position of being able to get equipment where equipment is or will be needed to secure increased lumber production.

Each Regional Office will be responsible for the purchase of used equipment, but must clear through the Chief's Office prior to actual purchase to ascertain whether or not like equipment is already available in another Region for immediate transfer to the area of operation. Distances between the location of the available equipment and the location of operations and the possible delays in transporting are factors that must be carefully considered in determining whether or not it is practicable to make a transfer if other like equipment is available near the proposed operation.

Record of Equipment Purchased (see also (b))

A record of all purchases of major items of both used and new equipment will be kept by the Regional Office. This record will set forth (1) type of equipment; (2) purchase price; (3) location; (4) purchased from whom; (5) date purchased; (6) available for transfer eventually outside the Region, and if so, when; (7) condition. This record will give the Chief's Office an over-all picture of equipment purchases for the FPS program and more important, will give a potential if not actual source from which equipment needs might be satisfied in Regions other than the one in which the purchases were made, if requested. The record will be maintained by the Division of Finance and Banking. (See Section X "Property Accounting")

(d) Heavy Equipment (Forest Service, surplus)

Forest Service surplus or inactive equipment may in the discretion of the Regional Forester be used for the FPS program on a reimbursable basis without profit to the Service. A

Memorandum of Understanding setting forth the conditions under which particular pieces of equipment are to be loaned or rented to the FPS should be prepared, executed and distributed in accordance with fiscal procedure.

(e) Supplies, Materials and Services

All purchases of supplies, materials and services are to be handled in accordance with regular Forest Service procedure. It should be borne in mind the emergency nature of this program and the fact that the results to be obtained are vital to the war effort. If the conditions and circumstances in any given case clearly warrant obtaining these materials or services without following the usual bid procedure, prompt action should be taken to obtain them otherwise, supporting such action with a clear and concise exigency statement explaining the conditions and circumstances as to why it was not possible or practicable to obtain the usual bid proposals.

(f) Central Purchase Units

The regular central purchase units now established in the various Regions should be used to whatever extent possible in supplying the needs for the FPS program. As the program develops, it may be desirable to stock items that would not ordinarily be stocked for regular Forest Service use, if the demand is sufficiently great for the FPS program. Care, however, should be exercised in stocking such items as the demand may not be at all constant and overstocking might easily result.

(g) Marking Equipment

All FPS motorized equipment should be marked with the regular Government shield—not the Forest Service shield.

All tools or other items of small equipment that lend themselves readily to marking should be stamped or stenciled with the letters "FPS".

(h) Equipment Protection and Maintenance

The extent of FPS investment in equipment is, of course, not known but as the program progresses it is apt to be quite substantial and will merit special attention insofar as protection and maintenance are concerned. Any equipment in poor repair will not only be costly to operate but will result in decreased output somewhere along the line. Since we are aware that the acquisition of equipment is going to be a main bottleneck, it is doubly important that we keep any equipment acquired

in the best of repair. It will, therefore, be the Regional Forester's responsibility to see that this is accomplished.

When it is proper to make payment for the repair and maintenance of FPS equipment from capital funds the work must be handled on a contract basis even though the cost is greater. When payment is to be made from Administrative Funds, the work may be performed on either a contract or force account basis, whichever is more advantageous.

General (See Section O - Priorities)

The FPS program, as it relates to transportation, will be primarily concerned with truck transportation for the moving of logs to mills and lumber to sticking yards and railheads. Naturally, with the rationing of tires and trucks and the increasing demand for these items for direct war use, it is going to be difficult at best to secure replacements. In view of this and in the interest of good business, it is not only incumbent that we utilize our equipment to the best possible advantage and keep it in the best of repair, but to also influence and encourage our cooperators or contractors to do the same with theirs. Perhaps it may be necessary to require that they maintain certain general equipment standards as a condition in their contract with the FPS. This latter thought will be discussed further on in this section.

It is not necessary to list in detail the specific parts of a truck that should be inspected periodically as that is a matter of record in printed or pamphlet form in each Regional or other Forest Service office, but we do want to bring home the word "periodic" which, for the purpose of this section, relates to periodic inspections of FPS or a contractor's automotive equipment.

Preventive Maintenance

Preventive maintenance, as the words imply, merely means maintaining a piece of equipment in good repair at all times by means of thorough inspections at regular intervals for the purpose of detecting mechanical trouble at the outset and correcting it and thus preventing or holding to a minimum costly repairs and the resulting tying up of equipment.

As is known, fleet owners have practiced or required in varying degrees that periodic inspections be made of their automotive equipment and corrective action taken where necessary, but this has not been the prevalent practice among those individuals or concerns who are in the one, two or three owner class. This latter class is the class in which we will find our FPS contractors and hence, it is important to set up standards in connection with equipment care and condition to insure against, insofar as possible, delays and inefficient operations due to transportation equipment breakdowns. In order to start out on a preventive maintenance program it is necessary in the first instance to have a piece of equipment in good condition or at least, a piece of equipment that can be put in reasonably good condition. After this, it

is desirable that the equipment be inspected every 1,000 miles or once each month to determine if there are any mechanical defects to be corrected or adjustments to be made. This, together with other ordinary servicing, should keep any piece of equipment operating efficiently and will prolong the life of the equipment.

Preventive Maintenance Clause (A Suggested Contract Clause)

Where it has been determined that the FPS is to enter into a contract with an operator and the operations under the contract require that the contractor use trucks, it may be desirable to include a contract clause covering the condition and care of the trucks. If so, the following is suggested:

"Since the efficiency of this operation depends largely on the continual use of the contractor's truck equipment, it is required that the truck or trucks be in reasonably good condition at the start of operations and that they be maintained in reasonably good condition throughout the life of this contract. To aid in accomplishing this, a weekly driver's report will be submitted by the driver to the contractor for review by the FPS representative. In addition to this, the contractor will be required to have his truck equipment inspected by a competent mechanic at least once each month and take corrective action where necessary to maintain the equipment in reasonably good condition."

Truck Roads

Truck roads for logging or lumber hauling purposes are generally temporary roads and after a brief period of time are no longer used, hence they are generally kept in condition to make them passable with little thought given to the abuse taken by the equipment going over them. Ordinarily extensive graveling is not possible unless gravel is available nearby. Therefore, the dirt packed surface has to be relied on together with the use of slabs or small logs where mud conditions are encountered. Such roads are continually becoming rutted and frequently full of holes and if not smoothed out, result in not only premature tire wear, but also in mechanical and structural breaks.

It is important, therefore, that we encourage the FPS contractors to maintain such roads in not just passable condition, but in a condition that will hold undue breaks to a minimum and prevent premature wear. If there is no other way of accomplishing this and the FPS has available the necessary equipment and labor near the operation, such roads might be maintained by the FPS on a reimbursable basis at cost by inserting an appropriate provision in the operator's contract.

Excess Travel

Lumber mills should be strategically located in order to make truck hauls as short as possible with consideration being given to relation of mill with log supply, sticking yard and railhead. Where the operation consists of a permanent mill set-up, a log supply or mature timber holding nearest the mill should be utilized rather than securing logs from perhaps a more desirable source but at a greater distance. Conservation practices with respect to standing timber, as covered elsewhere in this handbook, will of course, be a prime factor in selecting logs or locations from which logs will be secured and must be considered along with the desirability of the shortest possible haul.

Facilities Available Other Than Trucks

Where it is practicable to move logs, lumber, pulpwood, etc. by means other than by trucks, this should ordinarily be resorted to as with the anticipated increase in production, available equipment is going to be heavily taxed and any relief given by other means of moving will aid in attaining the desired increase in over-all production. It is true that railroads are becoming taxed to capacity, but wherever it is practicable to use this means of transportation, it should be done. Further, if animals, streams or rivers can be used as a means of moving logs to a mill, this should be done. In other words, if there is any practicable way that logs, lumber, etc., can be moved other than by trucks, we should attempt to see to it that this means is used as it is definitely our responsibility to conserve tires, trucks and any other critical equipment or materials where it is possible for us to do so or have someone else do so.

Cross Hauls

In dealing with the various FPS contractors or cooperators, we should attempt to eliminate insofar as is possible, cross hauls: that is, eliminate the practice of having one or various groups of trucks pass up one, two or more mills or plants in getting their logs or products to a particular mill for processing. To eliminate this it may mean the pooling of equipment or facilities or some other working arrangement that would result in the conservation of equipment, where such arrangements can be made or encouraged. It should be done. The FPS program will present opportunities of suggesting such arrangements as these where otherwise we wouldn't have the opportunity to encourage such practices.

Tires and Tubes

Volumes of materials have been written on the need for conserving tires and tubes and it is not believed that any further detailed methods for the conservation of tires and tubes need be written here as we are all conscious of the need and means of practicing conservation along these lines, but we should see to it that we do our part wherever and whenever the opportunity presents itself under this program or in fact, any program.

General Order O.D.T. 21

On September 8, 1942 there was issued by the Director of Defense Transportation, General Order O.D.T. 21 relating to and titled "Conservation of Motor Equipment".

This order became effective on November 15, 1942 and provides in brief that:

1. On and after November 15, 1942, no person shall operate any commercial motor vehicle unless there shall have been issued for such vehicle a certificate of war necessity by the Office of Defense Transportation.
2. Application for a certificate of war necessity shall be made in writing to the area field office of the Office of Defense Transportation on forms provided by such office.
3. A certificate will be issued by the Office of Defense Transportation to any qualified applicants satisfying certain requirements as to war necessity use.
4. When such a certificate is issued, the certificate shall be carried on each commercial vehicle and such certificate is not transferable. In the event of sale or transfer of the vehicle, the new owner must make application for a certificate and surrender for cancellation the previously issued certificate.
5. The certificate of war necessity will specify the name and address of the person to whom issued; the vehicle or vehicles covered; the purposes and creditors for and under which the vehicle may be operated, etc.

6. In addition, it is provided, in effect, that no fuel may be transferred to a commercial motor vehicle or parts, tires, etc., mounted, transferred to or installed unless the operator shall present a valid certificate of war necessity; further, transfer or deliver any motor fuel for use of or transfer, mount or install any part, tire, etc., unless the operator shall sign a receipt, in duplicate, setting forth the certificate number.

7. Before trucks may be operated on or after November 15, 1942, it is required that they be inspected as to tires, rims, etc., by inspectors designated by the Office of Price Administration and a certificate issued as a result of this inspection. This inspection must be made within sixty days immediately preceding November 15, 1942, or during the last 5,000 miles of service if the vehicle was driven more than 5,000 miles during the sixty-day period.

8. It is also required that certain records be maintained as to the operation of each vehicle for which a certificate has been issued.

9. Further, the Office of Defense Transportation has under certain conditions the right to determine how, at what points, and under what conditions a truck may be operated and may require that such trucks be leased or rented to other individuals at agreed rentals or if rental cannot be agreed upon at rentals established by the O.D.T.

10. The order defines a commercial motor vehicle as follows:

The term "commercial motor vehicle" means (1) (i) a straight truck, (ii) a combination truck-tractor and semi-trailer, (iii) a full trailer, (iv) any combination thereof, or (v) any other rubber-tired vehicle, excluding a motorcycle, propelled or drawn by mechanical power and built (or rebuilt) primarily for the purpose of transporting property, and (2) any bus, taxicab, jitney, or other rubber-tired vehicle, propelled or drawn by mechanical power, used in the transportation of persons upon the highways, or available for public rental, including ambulances and hearses, but not including a private passenger automobile.

The foregoing covers the most important parts of the order, but the full order should be reviewed thoroughly by all FPS contractors or cooperators in order to make certain that they are complying with all phases of the order and to insure their being able to operate their trucks continuously under the FPS program.

Settlement by Contractors for Use of FPS Trucks

It should be borne in mind that the use of FPS equipment in the transportation of an operator's logs or lumber must be specifically provided for in the operator's contract, or in a formal amendment thereto with authority vested in the FPS to deduct the amount involved from the check for the loan or purchase, as the case may be.

GOVERNMENT OWNED AND PERSONALLY OWNED CARS

Gasoline Rationing

As all gasoline must be secured through ration books issued by the local War Price and Rationing Board, that board should be consulted for information regarding rationing requirements. In case difficulties are encountered the nearest Forest Service Procurement office should be consulted. However, the principal points of the rationing system are given below as general information on the subject.

Government-owned vehicles are subject to quarterly rationing under OPA Ration Order 5-C. Otherwise, requirements are essentially the same as those applying to private vehicles, except in the case of passenger cars B and C ration books ~~only~~ ~~are~~ issued for official cars.

Personally-Owned Cars

Applications for rations for official travel in personally-owned cars operated on a mileage basis must be certified by the appropriate local administrative officer, normally the one authorizing the travel.

Certificate of War Necessity

This certificate is required for all trucks or other commercial vehicles operated on highways. The certificate, issued by the Office of Defense Transportation, fixes the amount of gasoline which may be used by the truck or fleet in the ration period, and upon presentation of the certificate to the Rationing Board, ration books are issued for the quantity stated. As with passenger cars, application may be made on an individual truck basis or on a fleet basis.

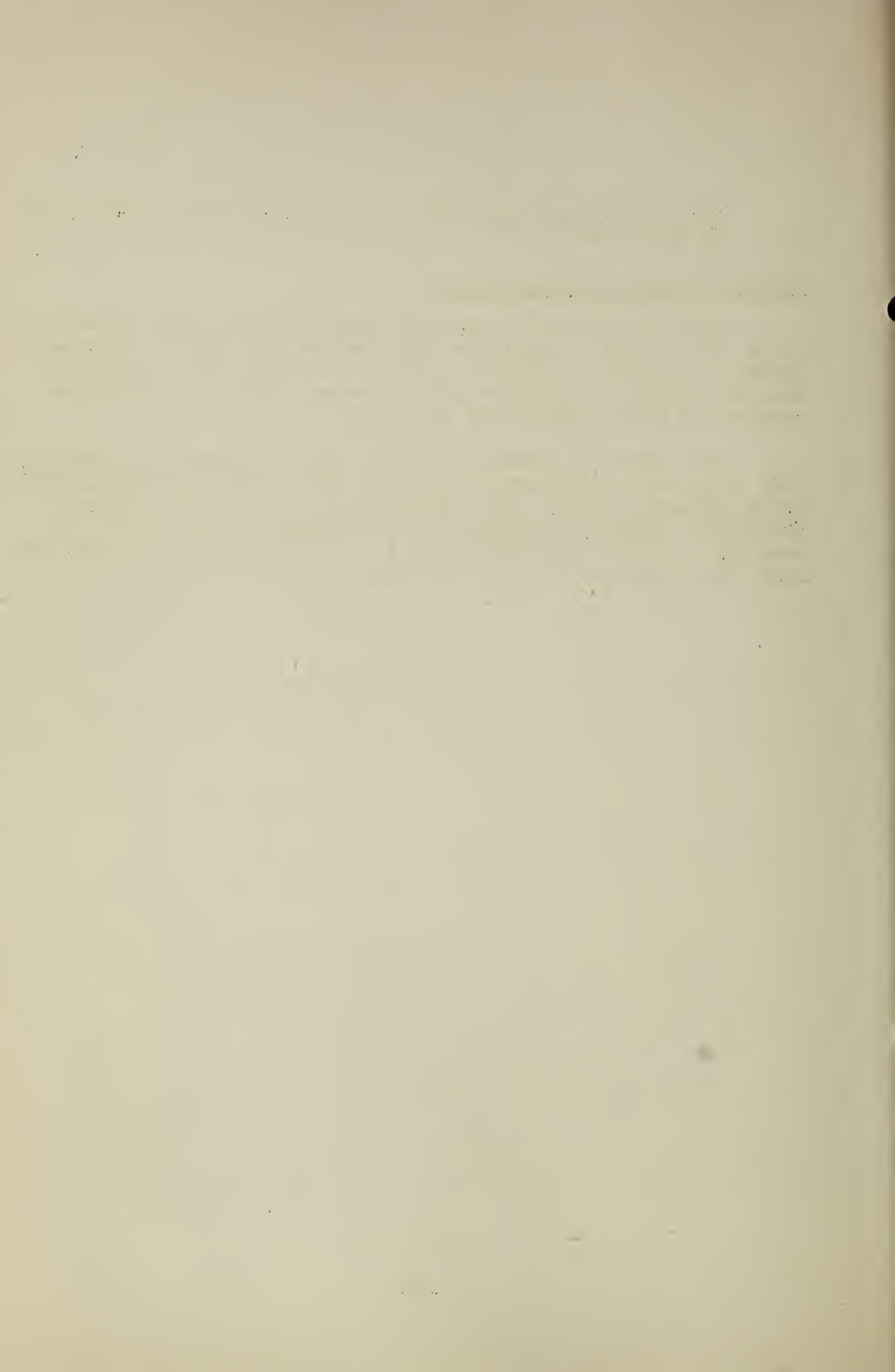
Government-owned cars will be furnished "certificates" through the Washington Office.

Personally-owned cars must secure their "certificates" through the local WPR Board.

Tire Registration and Inspection

Gasoline rations for passenger cars are issued only after five tires for each car registered on the form provided with the Rationing Board. The requirement that all tires in excess of five per car be disposed of does not apply to official cars. The tire registration requirement has no application to trucks.

The required periodic tire inspections for trucks and passenger cars may be made by Government mechanics provided they are so authorized by the Rationing Board. When inspections are made by other than a Government employee, a minimum fee of twenty-five cents per car is charged. If a tire must be removed for inspection or other additional work done, a higher fee may be charged.





General

See Section N for procurement of tires and gasoline; for priorities on forest products see Section R.

FPS Purchases of Equipment and Materials

Even though all new equipment and material purchases for the FPS program will have a vital and direct relation with the war effort, it is evident that we will not be able to obtain any sort of blanket rating for each purchase. Hence, the same procedure as set forth in the Chief's office circular of August 27, 1942, "C-SUPPLY, Priorities, Forms PD-408, Sections A and B"; plus any supplemental procedure, will be followed in procuring FPS-equipment and materials insofar as priorities are concerned. Contacts will be made by the Chief's office with the WPB in order to secure as expeditious handling of ratings as the FPS program demands. This program will not lend itself readily to anticipating equipment needs; therefore, it is important that forms making application for priority ratings be submitted without delay when needs arise.

Purchases by Cooperators or Contractors

Stimulation of production will often depend on the ability to obtain repair parts and new equipment for the operators. Many of the operators the FPS will be working with will not be informed of the procedures-forms and actions necessary to obtain the repair parts of the new or second-hand equipment they need to start or to increase their production.

WPB Order P-138 was issued 12/24/42 for the purpose of simplifying procedure and aiding loggers and sawmills to obtain materials for operation maintenance and repair. It authorizes the use of an AA-2X preference rating in connection with purchase orders for such supplies and materials. It also fixes the permissible amount of such materials to which the AA-2X rating can be applied in any calendar year at 110 percent of the cost of such material actually used to carry on production during the most recent preceding calendar year of operation. P-138 permits application of this rating to not more than 40 percent of the aggregate of such supplies and materials for the full calendar year.

The AA-2X rating may not be applied under this order to obtain any materials for expansion, new construction, or additions to existing facilities; nor any materials controlled by L-158 which, regulates production of replacement parts for motor vehicles; nor equipment of the types controlled by L-53, which restricts sale and use of track-laying tractors and equipment auxiliary thereto.

Neither the AA-2X nor any other rating may be applied for the purpose of accumulating or replenishing inventory if receipt of such supplies by an operator would add materials in excess of the minimum amounts necessary for maintenance or repair and for sustaining the maximum rate of production.

P-138 does not apply to tires or gasoline (See Section N).

In securing materials covered by P-138 loggers and mills cannot use ratings applied or extended to them under par. (c) (3) of Priorities Regulation No. 3; i.e., they must use the rating AA-2X within the limitations of P-138.

If a logger or mill operator desires to secure a preference rating in order to obtain new equipment or repair parts or operating materials for the purpose of expanding operations, or by reason of insufficiency of the 110 percent allowance for maintaining production, it is necessary that he make application in the usual manner on Form PD-1A.

Because the Forest Service has the responsibility for getting increased production, the FPS representative of the Forest Service should take advantage of opportunities to create among its cooperators and contractors an understanding of the significance and limitations of P-138.

For legal application reference should be made to Order P-138 itself. The above information is for informal use only. Copies of P-138 will be secured for all FPS offices; the order is also printed in the Federal Register of 12/25/42, page 10843.

Furthermore, the FPS representative should offer to help co-operators and contractors in obtaining priorities outside the limitations of P-138 in meritorious cases, FPS must guard, however, against causing WPB to be flooded with requests for priorities involving large amounts of critical materials, encouraging conditioning of badly broken down outfits, and endorsing priority applications in cases which offer very limited opportunities for contributing to war needs. The exercise of such caution is essential toward insuring that the more effective operations are not thus deprived of the same materials for maintaining and increasing production.

PD-1A Applications

The FPS can facilitate the processing of the PD-1A applications of its cooperators and contractors by not only assisting in their preparation but also by routing the applications through Forest Service channels to WPB; because, otherwise, if the applications are sent direct to WPB by these operators, they would be routed by WPB to the Forest Service for review and recommendation prior to consideration by WPB, resulting in slower action and delay of production.

Unless WPB officials object or notification is received of changes in present procedures:

The representative of the Forest Service should offer to make up the Form PD-1A for the cooperator or contractor and send four copies to the Regional Forester's office. The application must be supported by a statement. This supporting statement should be the answer to the following questions.

1. What is the function or activity performed by the unit requiring the equipment?
2. What is the war importance of the function or activity and what certification of approval to that effect has been received from a qualified military or civilian war agency?
3. How has the unit been operating up to now without equipment requested?
4. Why is the equipment now necessary. To what extent will essential production be increased -- and only -- if this equipment is obtained.
5. What difficulties will be encountered if the requested equipment is denied?
6. What efforts specifically have been made to locate suitable used equipment?
7. If a replacement, what is the condition of existing equipment and why is repair impracticable?
8. If new equipment, what is the situation regarding the following points:
 - (a) Equipment of same type on hand which is or could be used to accomplish the same results.
 - (b) Average hours per week of use of present equipment?
 - (c) If unit is operating on a one-shift basis, what conditions prevent additional shifts?
9. If equipment is requested in connection with a project:
 - (a) What is the project number and the rating assigned?
 - (b) What delivery date is required?
10. Who will be the supplier?

The Regional Forester will handle these applications the same as if they were to supply equipment for one of his regular projects; and submit the applications in triplicate to the Washington office with his own endorsement.

The Washington office will carry the applications direct to the particular division of WPB that is involved in approving priorities for the particular kind of equipment. They will also take whatever follow-up action necessary so the application will be handled with the greatest possible dispatch.



General (Also see Sec. R. "Application of Ceiling Prices to F.P.S. Sales")

The Office of Price Administration is responsible for the fixing of prices on all commodities and services where they deem it necessary or desirable.

Various price schedules establishing ceiling prices on logs, lumber and lumber products have already been issued and others are in the process of being issued at the present time. The establishing of ceiling prices will, of course, affect both the buying and selling program of the FPS. Therefore, it is important that each Regional office keep currently informed of price ceilings established and amendments thereto for all logs, lumber or lumber products within their Regions. The Chief's office will see to it that price schedules are distributed to the Regions or proper Federal Register reference furnished.

Other than the issuance of price schedules, the Office of Price Administration issued a "General Maximum Price Regulation" which stated in part that "No person shall sell or deliver any commodity and no person shall sell or supply any service at a price higher than the maximum price permitted by this Regulation * * *." This regulation applies to all commodities, except for stated exceptions; which among other items exempted stumpage, logs and pulpwood. However, when specific maximum price schedules are issued on any of the items exempt under the "General Maximum Price Regulation" they are taken out of the exempt class and come under schedule issued. Likewise, the "General Maximum Price Regulations" cease to be operative for those items that are made subject to specific maximum price schedules.

The "General Maximum Price Regulation" was effective May 11, 1942 and provides, insofar as prices are concerned, that the sellers' maximum prices for any commodity or service shall be the highest price charged for the same or similar commodities or services during March 1942. Of course, lower prices than those established by this regulation may be charged or paid.

The price schedules that are issued carry not only the maximum ceiling prices, but also regulations and information in the application of these prices. As indicated previously, it is important that each Regional office keep current on the schedules and

regulations for logs, lumber and lumber products with which they are apt to be dealing as a result of the FPS program. This is important in that if it is determined that the purchase of, or a contract to purchase logs or lumber is to be the means of increasing or stimulating lumber production in a particular area, such logs and lumber will have to be purchased subject to existing price schedules or price regulations unless such items are specifically exempted from such regulations by the OPA. Likewise, in selling lumber or logs under the FPS program, the maximum price schedules and regulations will apply unless exemption from the price ceiling is obtained from O.P.A.

Hold-back (Trust) Funds and Ceiling Prices

In comparing sales prices with ceiling prices, the expense of grading and other services usually rendered by the vendor, as indicated by normal trade practice, is considered as a part of the sales price. Such grading and other charges normally paid by the purchaser will not be considered as a part of the sale price in comparing sales prices with ceiling prices. (See also Sec. R "Application of Ceiling Prices")

In reviewing maximum price schedules and regulations, there will undoubtedly be need for modifications, explanations or interpretation in applying them to specific cases in which event such questions or requests for modifications or interpretations should be submitted to the Administrator's office for action unless a local OPA office is able to satisfy fully your requirements.

Index List of Maximum Price Schedules

There follows a complete list of maximum price schedules issued to the date shown at the bottom of each page hereof, with the Federal Register reference given wherever possible. The Chief's Office will attempt to make arrangements with the OPA to secure a sufficient number of price schedules to supply each Regional Office with a complete set, but failing in this, it may be only possible to give the Federal Register reference.

It is suggested that each maximum price schedule issued be filed in a separate folder by number and class such as "M.P.R. 155 - Central Hardwood Lumber" and then maintain a control alphabetical list by species with the M.P.R. number after each species for cross-reference purposes. This as indicated is merely a suggestion and need not be followed if some better system of filing is devised, but it is believed each schedule should be kept in a separate folder as there is apt to be numerous amendments, interpretations, etc., for each schedule issued.

The schedules issued to date affecting logs, lumber and lumber products are:

General Maximum Price Regulation, Supplementary Regulations and Amendments.Effective Federal Register CitationGeneral Maximum Price Regulation -
Findings of the Price Administrator

Issuance	5/11/42	3153	4/30/42
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Suppl. Reg. No. 1, Amendment No. 4 -
Lumber Sales, Territory of Alaska

Issuance	6/10/42	4410	6/11/42
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Amend. No. 5 - Wood and Gum for
Naval Stores

Issuance	6/19/42	4487	6/16/42
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Revised Suppl. Reg. No. 4; Amend.
No. 10 - Imported Mahogany Logs, etc.

Issuance	9/22/42	7538	9/24/42
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Effective Federal Register Citation

Suppl. Reg. No. 1, Amend. No. 11 -
Exceptions (Bark; hemlock, oak,
chestnut, spruce)

Issuance	5/11/42	5192	7/8/42
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Suppl. Reg. No. 14; Amend. No. 8 -
Fire wood; Oregon and Washington

Issuance	8/4/42	6473	8/18/42
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Suppl. Reg. No. 14; Amend. No. 26 -
Fire wood; Oregon, Washington, New
England

Issuance	9/21/42	7510	9/23/42
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Suppl. Reg. No. 14; Amend No. 41 -
Firewood

Issuance	10/20/42	8351	10/16/42
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Suppl. Reg. No. 1; Amend. No. 23 -
Christmas trees

Issuance	8/22/42	6685	8/25/42
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Suppl. Reg. No. 1; Amend No. 31 -
Waste Materials in Wood Distillation

Issuance	10/13/42	8021	10/10/42
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Suppl. Reg. No. 1 - Exceptions
(Appalachian hardwood lumber)

Amendment No. 1	5/11/42	3438	5/12/42
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Maximum Price Regulations

No. 13 - Douglas-Fir Plywood

Price Schedule No. 13	8/5/41	5865	8/2/41
Amendment No. 1	9/24/41	4885	9/25/41

	<u>Effective</u>	<u>Federal Register</u>	<u>Citation</u>
Amendment No. 2	2/20/42	905	2/10/42
Correction to Amendment No. 2	2/20/42	954	2/12/42
Revision	2/20/42	1235	2/21/42
Amendment to Revision MPR #13	8/25/42	5567	7/21/42
Amendment No. 1 to MPR #13	9/21/42	7321	9/17/42
Amendment No. 2	10/21/42	8402	10/17/42

No. 19 - Southern Pine Lumber

Issuance	9/5/41	4142	8/19/41
Amendment No. 1	9/5/41	4388	9/5/41
Revised by Amendment No. 2	11/24/41	5873	11/19/41
Correction to Amendment No. 2	11/24/41	5935	11/22/41
Amendment No. 1	4/21/42	2342	4/16/42
Maximum Price Regulation	7/18/42	5427	7/15/42
Correction to MPR No. 19	7/28/42	5869	7/30/42
Amendment No. 1	9/10/42	7094	9/9/42
Amendment No. 2	10/3/42	8023	10/10/42
Amendment No. 3	10/21/42	8384	10/17/42

No. 26 - Douglas-Fir and other
West Coast Lumber

Issuance	10/1/41	4666	9/11/41
Revised by Amendment No. 1	11/10/41	4492	11/4/41
Revised incorporating above	- -	1255	2/21/42
Amendment No. 1	5/19/42	3746	5/20/42
Maximum Price Regulation No. 26	6/29/42	4573	6/19/42
Corrections	- -	4701	6/24/42
Amendment No. 1	7/11/42	5180	7/8/42
Amendment No. 2	7/10/42	5360	7/14/42
Amendment No. 3	8/11/42	6168	8/8/42
Amendment No. 4	8/12/42	6388	8/14/42
Amendment No. 5	8/13/42	6424	8/15/42
Amendment No. 6	9/19/42	7285	9/16/42
Amendment No. 7	10/10/42	7942	10/7/42
Amendment No. 8	10/21/42	8384	10/17/42

No. 44 - Douglas-Fir Doors

Issuance	12/10/41	6084	11/28/41
Amendment No. 1	1/1/42	6798	12/30/41
Revised incorporating above		1238	2/21/42
Amendment No. 1	10/10/42	7965	10/8/42

Effective Federal Register CitationNo. 94 - Western Pine Lumber

Issuance	2/15/42	759	2/5/42
Amendment No. 1	2/15/42	931	2/11/42
Revised incorporating above	- -	1361	2/21/42
Amendment No. 1	3/9/42	1796	3/10/42
Amendment No. 2	10/21/42	8383	10/17/42

No. 97 - Southern Hardwood Lumber

Issuance	2/20/42	790	2/6/42
Revised	- -	1382	2/21/42
Amendment No. 1	3/3/42	1375	3/4/42
Order No. 1	3/3/42	1675	3/4/42
Amendment No. 2	4/6/42	2509	4/1/42
Amendment No. 3	5/1/42	3124	4/29/42
Amendment No. 4	6/1/42	4107	5/30/42
Maximum Price Regulation	7/27/42	5667	7/24/42
Amendment No. 1	8/26/42	6681	8/25/42
Amendment No. 2	10/10/42	7966	10/8/42
Amendment No. 3	10/21/42	8385	10/17/42

No. 109 - Aircraft Spruce

Issuance	4/1/42	2238	3/24/42
Amendment No. 1	7/23/42	5667	7/24/42

No. 114 - Wood Pulp

Issuance	4/20/42	2843	4/16/42
Amendment No. 1	5/19/42	3576	5/15/42
Amendment No. 2	7/4/42	5059	7/3/42
Amendment No. 3	7/21/42	5564	7/21/42

No. 117 - Used Egg Cases and Used Component Parts

Issuance	- -	2998	4/23/42
Amendment No. 1	6/22/42	4586	6/19/42

No. 146 - Appalachian Hardwood Lumber

Issuance	5/19/42	3776	5/21/42
Amendment No. 1	6/1/42	4179	6/2/42

	<u>Effective</u>	<u>Federal Register</u>	<u>Citation</u>
Amendment No. 2	6/26/42	4852	6/30/42
Amendment No. 3	7/21/42	5520	7/18/42
Amendment No. 4	8/3/42	6053	8/5/42
Amendment No. 5	9/8/42	6998	9/1/42
Amendment No. 6	9/30/42	7600	9/26/42
Amendment No. 7	10/5/42	7747	9/30/42
Amendment No. 8	10/15/42	8198	10/13/42
Amendment No. 9	10/19/42	8350	10/16/42
Amendment No. 10	10/21/42	8384	10/17/42

No. 155 - Central Hardwood Lumber

Issuance	6/1/42	4108	5/30/42
Correction	6/2/42	4231	6/4/42
Amendment No. 1	9/16/42	7202	9/12/42
Amendment No. 2	9/29/42	7780	10/1/42
Amendment No. 3	10/21/42	8585	10/17/42

No. 160 - Seasonal Wooden Agricultural Containers

Issuance	6/6/42	4337	6/9/42
Amendment No. 1	6/26/42	4852	6/30/42
Amendment No. 2	7/18/42	5462	7/16/42
Amendment No. 3	7/21/42	5564	7/21/42

No. 161 - West Coast Logs

Issuance - (RPS No. 54)	12/20/41	6408	12/13/41
Revised	- -	1311	2/21/42
Amendment No. 1	4/30/42	3143	4/29/42
Maximum Price Regulation(#161)	6/20/42	4436	6/12/42
Amendment No. 1	7/10/42	4560	7/12/42
Amendment No. 2	9/9/42	7008	9/4/42
Amendment No. 3	10/7/42	7839	10/3/42

Order 1 - Overtime Additions - North Bend Timber Co., et al	10/6/42	7953	10/7/42
Order 2 - Overtime Additions - Crescent Logging Co., et al	10/6/42	7954	10/7/42
Order 3 - Overtime Additions - St. Paul & Tacoma Lbr.Co. et al	10/6/42	7954	10/7/42
Order 4 - Overtime Additions (Several firms)	10/7/42	7983	10/8/42

	<u>Effective</u>	<u>Federal Register Citation</u>	
Order 5 - Overtime Additions (Several firms)	10/15/42	8367	10/16/42
Order 6 - Overtime Additions (Several firms)	10/15/42	8368	10/16/42
Order 7 - Overtime Additions (Several firms)	10/15/42	8368	10/16/42
<u>No. 164 - Red Cedar Shingles</u>			
Issuance	6/29/42	4541	6/18/42
Amendment 1	10/21/42	8384	10/17/42
<u>No. 176 - Rotary cut Southern Hard- wood Box Lumber</u>			
Issuance	7/11/42	5180	7/8/42
Amendment No. 1	9/17/42	7243	9/15/42
Correction	- -	7454	9/22/42
<u>No. 179 - Pine Oil</u>			
Issuance	7/18/42	5482	7/17/42
<u>No. 186 - Western Wooden Agri- cultural Containers</u>			
Issuance	7/29/42	5776	7/28/42
Amendment No. 1	9/8/42	6968	9/3/42
Amendment No. 2	9/22/42	7364	9/18/42
Amendments 1 and 2 corrected	- -	7966	10/8/42
<u>No. 188 - Manufacturers maximum prices for specified building materials and consumers' goods other than apparel</u>			
Issuance	8/1/42	5872	7/30/42
Amendment No. 1	10/6/42	7967	10/8/42
<u>No. 195 - Industrial Wooden Boxes</u>			
Issuance	8/8/42	6049	8/5/42

FPS - W.O.

	<u>Effective</u>	<u>Federal Register Citation</u>	
<u>No. 196 - Turned or shaped wood products</u>			
Issuance	8/9/42	6078	8/6/42
Amendment No. 1	9/19/42	7254	9/15/42
Amendment No. 2	10/14/42	8016	10/10/42
<u>No. 215 - Distribution Yard Sales of Softwoods</u>			
Issuance	9/10/42	7094	9/9/42
Correction	9/10/42	7452	9/22/42
Amendment No. 1	10/21/42	8402	10/17/42
<u>No. 216 - Railroad Ties</u>			
Issuance	9/8/42	7149	9/10/42
Correction		7367	9/18/42
Amendment No. 1	10/15/42	8199	10/13/42
Amendment No. 2	10/21/42	8403	10/17/42
<u>No. 217 - Walnut Gunstock Blanks</u>			
Issuance	9/17/42	7244	9/15/42
<u>No. 218 - Central Appalachian Wooden Mine Material</u>			
Issuance	9/5/42	7097	9/9/42
Correction		7368	9/18/42
<u>No. 219 - Northeastern Softwood Lumber</u>			
Issuance	9/19/42	7285	9/16/42
Correction	9/29/42	7747	9/30/42
<u>No. 222 - Northern Softwood Lumber</u>			
Issuance	9/23/42	7436	9/22/42
<u>No. 223 - Northern Hardwood Lumber</u>			
Issuance	9/23/42	7445	9/22/42

Jan. 8, 1943

Effective Federal Register CitationOther OrdersSuppl. Order 18 - Licensing Persons
Selling Lumber, Lumber Products or
Building Materials

Issuance	9/17/42	7240	9/15/42
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Suppl. Order 19 - Licensing
Distributors of Paper & Pulp
Products (Wood Pulp)

Issuance	9/24/42	7434	9/22/42
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No. 2 (Temporary) - Used egg
cases

Issuance	2/23/42	1498	2/25/42
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Note: - One or more publishing companies now provide complete up-to-date service on OPA regulations. Indications are that the most practicable method of providing necessary information on price ceilings may be by procurement of such service for appropriate FPS offices. The Chief's Office will investigate this possibility further.

CONSERVATION REQUIREMENTS

FPS - W.O.

A secondary, but vital, objective of the FPS - as outlined in the Acting Chief's Policy letter of August 31, 1942, and in Section A hereof - is to obtain the essential increased production of wood products without unnecessary injury to the forest resources concerned. The FPS will not, except as noted below, enter into contracts or loan agreements which may be expected to result in violation of this policy. When, if ever, this policy would prevent attaining the primary objective, loan or purchase agreements or contracts relative to uncut material will be entered into only in accordance with the requirements specified in Section B, under the caption "Conservation Practices."

General Conservation Policy

In the main, this will require specification and adherence to locally applicable conservation requirements in contracts and other activities of the FPS affecting uncut material. These requirements will include to the greatest extent feasible, but not be limited to:

- (a) Prohibitions against destructive or wasteful cutting and logging to assure:
 - (1) Adequate restocking, after cutting, with trees of desirable species and condition;
 - (2) Preservation of young stands of timber;
 - (3) Reservation for growth and subsequent cutting of sufficient growing stock of thrifty trees of desirable species to keep the forest lands reasonably productive, and
 - (4) Prevention of unreasonable damage to watershed values;
- (b) Use of selective cutting unless clear-cutting is clearly justified; and
- (c) Provisions for protection against fires, insects, and diseases.

Economic Cutting Diameter Limits

Cutting shall be limited to economic sizes to log, transport, and mill. For example, a study of a typical small pine mill indicated

that, in normal times, it takes 64%, 45%, and 24% more time to log, mill, and put through a planer 1,000 board feet of lumber from 6", 8", and 10" respectively than from 15" logs. Another cost study made in Pennsylvania indicated that to cut, limb, peel, buck, and pile a cord of pulpwood from 5" or larger trees took 11.55 man-hours, as compared to 9.59 man-hours to accomplish this work with trees 8" d.b.h. or larger.

Almost all regions will be able to determine from studies already made the economic cutting diameter limits which will result in the best use of labor and transportation, although the results of these studies may have to be adjusted for war conditions in view of recent changes in price levels, wages, etc. Available data on economic cutting limits by regions, products, and species are now being assembled in the Washington Office. These will be sent to each region in the near future. If adequate data of this character are not available, they should be obtained as promptly as possible.

Research should, of course, be called on for such assistance in this connection as that branch can contribute. Pending the obtaining of these supplemental data, available information should be utilized to formulate specifications to fit best local conditions and to attain most effectively the objective.

Cutting Below Diameter Limit

Diameter cutting limits based on economic production factors are far from ideal. They are, however, relatively simple and economical to apply. When the cutting of trees below the specified diameter limit is needed for stand improvement or other justified purposes, it will be permitted when such trees are marked or designated in writing in advance by the FPS representative.

Regeneration clauses may be needed where the economic cutting limit clause is not desirable or would be inadequate to provide proper regeneration. Such clauses will provide for leaving specified seed trees per acre, or specified blocks of seed trees per unit area.

Utilization clauses will be inserted where needed to specify height of stump, top d.i.b., and the products to be cut or produced from the cutting.

Recutting of Cut-Over Areas

It is realized that merchantable timber left on the cut-over area may be subject to sale and destructive clear-cutting in later

operations. The possibility of this danger should not deter the application of the conservation policies and practices of the FPS in all of its pertinent contracts, agreements, or activities. ~~If possible, a special clause to prevent recutting of an area within a specified period should be included in all contracts.~~

Application of General Policy to Local Conditions

Conditions relative to economic cutting diameter limits, fire protection, regeneration, and utilization requirements differ to such extent not only between regions but within regions, that it is impracticable to present in detail standard clauses covering these subjects. Samples of the types of clauses which can be modified as needed to fit local conditions and problems, and can be made a part of each agreement concerned are shown on following pages. Each region will prepare and issue instructions relative to the forest practices to be required in its agreements covering specific types, sites, species, and products.

Adequate inspections are expected to be made by the FPS to check on compliance with the conservation requirements during the life of each contract or agreement.

Educational (Extension) Value of Conservation Phases of the Program

An important part of the conservation phase of the FPS project will be the opportunity and responsibility to educate the forest land owner, operator, and wood products manufacturer concerning the benefit to them from a purely labor and transportation standpoint of not cutting trees below specified economic diameter sizes. Once that viewpoint is sold, the broader benefits of leaving and protecting an adequate growing stock for future cuts and permanent operations should be more easily presented to and accepted by the many persons with whom the FPS will deal. Destructive recutting, for example, should not occur if representatives of the FPS are able to educate and demonstrate adequately to the land owner and operator concerned, the benefits to them of leaving such material for further growth and increased value. In this connection it is felt there will be opportunities to indicate clearly that very little, if any, net benefit will accrue to the land owner, operator, or manufacturer from cutting and milling trees which are marginal or submarginal from an economic standpoint. There will also be an opportunity to present the great loss to the community, to the tax payers of the community, and to the Nation's welfare, if our forest resources on which we must depend in war, and in peace, are devastated or unduly injured by improper cutting and inadequate protection.

Conservation Clauses for Inclusion in Contracts

Conservation Clauses for inclusion in contracts relative to such items as diameter limits, seed trees, stump and top utilization, primary products to be produced, and fire protection, are shown in Section Y. A liquidated damage contract clause relative to violations of these conservation requirements is also shown in Section Y. These clauses have been made simple to facilitate use, and field checks for compliance.

Specifications to be inserted in each conservation clause utilized will be the responsibility of each Region which will issue regional specifications as needed, with local latitude for those cases necessitating special modifications or changes in the regional standards.

Inter-Regional Coordination of Conservation Practices

In order to obtain desirable uniformity between Regions on the conservation and liquidated damage requirements each Region will submit to the Administrator its conservation and liquidated damage specifications and important modifications thereof, by species, types or products, and obtain his approval before they are put into use. Unavoidable exceptions to this requirement, which should be very infrequent, should be called to the attention of the Administrator promptly for comment. Proposed Regional specifications should be prepared promptly following receipt of the conservation clauses in Section Y and submitted within two weeks or as soon thereafter as practicable. Subsequently any new or seriously changed conservation or liquidated damage specifications should be submitted currently as they are formulated. The Administrator will review the specifications submitted by each Region and will promptly notify the Region of their approval or of any modifications needed prior to their being put into use.

I General Marketing Policy

The major objective of the FPS marketing organization is to sell lumber or other forest products, acquired by the FPS, directly to war agencies, to other consumers for war or essential civilian needs, or through established industry channels to consumers directly or indirectly aiding the war effort.

A supplementary objective in the marketing program is to sell FPS commodities so as to recover, on the average, the capital investment plus three percent per annum to cover interest. (Sec Sec. R. "Determination of Selling Prices").

It is the policy to sell all material acquired at the earliest time and in the roughest form possible so far as that is consistent with the major objective of the FPS.

Sales efforts should be guided along lines of generally supplementing industry, and more specifically to place the FPS in a position of close cooperation with all war and essential civilian wood procurement agencies, the Requirements Division of the Forest Service, and the Industry.

Other forest products--acquired as by-products of the effort to obtain materials to meet the war and essential civilian needs--will be disposed of to the best advantage and in such manner as will disturb normal satisfactory trade channels to the least extent possible and still meet the obligation of FPS to the Commodity Credit Corporation.

II Specific Sales Policy

It is the purpose of FPS to supplement, not supplant, the efforts of the established lumber and other woodworking industries in the production of forest products for use in the prosecution of the war and for essential civilian needs.

A detailed classification of uses is made in WFB's Order M-208 (See Appendix) by which the use of softwood lumber has been placed under control. It is likely that other orders will follow, covering other wood materials. (See "WFB Marketing Restriction Orders" at end of this section).

In a program of the scope of the FPS it will be inevitable that some material will be accumulated which may not fall in the three use classes outlined above. Such material may continue to be free from use regulation by WPB. Under such circumstances, FPS will seek market outlets and make sales wherever the possibility to do so may be found. (See last paragraph under "General Marketing Policy".)

Sell Rough Material Where Possible.

As set forth in the "General Marketing Policy" it is very desirable to dispose of all products acquired by FPS in the roughest possible form consistent with the attainment of the major FPS objective. This objective is restated for emphasis.

"The major objective of the FPS is to increase production of Forest Products to meet war requirements and essential civilian needs--on time." Subject to this "objective"

Avoid processing the material directly by FPS, and thus utilize "private" skills and facilities, obtain the quickest possible turnover of the capital investment, and avoid (1) administrative and operating costs and (2) added interest which such processing involves. For example, wherever production aims and quotas can be met by so doing, logs acquired by FPS will be sold as such to millmen who will process them and sell the products immediately into legitimate war use or approved civilian use channels.

Where sales of logs owned by FPS will not satisfactorily serve the purpose of the FPS, it will be necessary to have them processed into rough lumber or other rough products. Here again, wherever possible, the rough material should be sold so long as the main purpose of the project is served. Only where the need is great and urgent and where the FPS objective cannot otherwise be attained should material be processed to the finished form by FPS.

The foregoing applies in principle to all stumpage, pulpwood, fuel wood, and other commodities acquired by FPS.

III Recovery of Costs

In conducting the marketing work of FPS, all sales officers should constantly have in mind the responsibility for keeping the over-all program on a sound financial basis. Price ceilings and market values will control returns on much of the material

to be sold and it is recognized that there will be occasions upon which, in order to gain "the major objective of FPS," lessed will be sustained. However, the marketing organization should plan, on the whole, to do its utmost to secure return of the FPS investment with interest. (See "Determination of Selling Prices.")

IV Selling Channels

Subject to I, II, III, above, and in order to insure that FPS commodities are sold into the intended use channels to best advantage, it is the policy to sell material to the following users in the order of preference listed:

1. By direct sale to Government^{War} agencies.
2. By direct sales to war contractors at request or upon advice of Government war agencies.
3. By direct sale of raw materials to qualified users.
4. Except as in 1, 2, 3, above, sales will be made through established channels so far as this course is found to be good business from the FPS standpoint. In deciding whether or not sales through industry's production or wholesale channels are to be made, the actual service rendered FPS, the margin or commissions demanded, and the cost to FPS of maintaining the larger sales force which would be required to merchandise the material should be considered.
5. Where sales cannot be made satisfactorily under 1, 2, 3, and 4 above, direct selling in the open market will be resorted to.

Instructions covering methods of making sales are covered under the titles, "Determination of Selling Prices," "Bid Procedure and Sales Agreements."

V Types of Sales

There are so many different types of sales or combination of sales that could be made that it would be difficult to list all of them in this handbook. Any unusual suggestions as developed by experience will be furnished the field.

VI Responsibility for Sales1. The Chief's Office will:

- (a) Formulate broad sales policies,
- (b) Establish methods of pricing, and maintain control over the total selling program of FPS products, so as to insure adhering to the agreement with the CCC.
- (c) Correlate sales activities between regions.
- (d) Approve and execute all sales agreements amounting to more than \$150,000.
- (e) Contact Government agencies to keep currently informed of urgent needs and to clear up questions as to priorities between Government buying agencies.
- (f) Contact with main Procurement Agencies located in Washington. Since the main objective of the project is to furnish material for war purposes and urgent civilian needs, the location of central procurement agencies in Washington, and the time element will frequently, possibly usually, dictate that actual selling be done at Washington. Otherwise, it is planned that so far as is practicable, FPS marketing work will be handled within the regions.

As a result of contacts with central purchasing units of the war agencies, the Chief's Office will frequently gain advance knowledge of their special needs and will often secure firm orders for material. This actual selling on the part of the Chief's Office will be confined to Washington or will be carried on in cooperation with the regional marketing organizations.

- (g) When orders for or sales of materials are taken or handled at Washington, the Chief's Office will make definite allocations for filling the orders to the region or regions concerned. When orders for very large volumes of material are taken at Washington and where it will be necessary to obtain products from two or more regions, the Chief's Office will determine and allocate to each region its quota.

In making such allocations, as well as in placing complete special orders with one region, the Chief's Office will include all necessary information to enable the region to handle the order expeditiously. In connection with these allocations, at least the following information will be included:

- (1) Purchaser's name and address.
- (2) Point at which material is to be delivered.
- (3) Material or products covered. Specifications.
- (4) How delivery is to be made.
- (5) When delivery is to be begun and completed.
- (6) How collections are to be handled.
- (7) When title to and responsibility for material is to pass to the purchaser.
- (8) _____
- (9) _____

(h) When orders are developing in the Washington Office, the Chief will keep the Regional Foresters informed of developments by letter, wire, or telephone, as the urgency of the case may demand.

(i) The Chief's Office will also:

Keep regions informed currently of nation-wide market information.

(j) Keep regions informed currently on price ceiling regulations, interpretations and modifications of such regulations.

(k) Keep regions informed currently on WPB freezing orders and their application to FPS sales and deliveries.

(l) Contact the various Government agencies such as the WPB, OPA, Army, Navy, Lend-Lease, Maritime Commission, to handle marketing problems referred to Washington by the regions. (Trouble shooting.)

2. Regional Forester's Office.

(a) The Regional Forester will establish policies for handling the marketing work of the Region for the

guidance of his staff and the Area Foresters. These policies will cover such matters as the Area Foresters' authorization to sell, what to sell, floor prices below which sales may not be made without advance approval from the Regional Forester, when to make sales, to whom Area Forester sales may be made, use purposes for which material may be sold, and how sales are to be made.

Such policy statements will of course be kept within the limits established by the Chief's Office and where specific methods or procedures are prescribed by the Chief, it will be unnecessary to repeat them in connection with regional policies. The Regional Forester will find it necessary however to supplement procedures and methods laid down by the Chief's Office with more specific instructions of local importance and applicability.

(b) Regional Forester's Authorization.

Regional Foresters are authorized to approve and execute sales agreements covering materials valued up to \$150,000 without reference to the Chief's Office, but subject to the floor price limitation policy stated under "Determination of Selling Prices." However, where sales for amounts less than \$150,000 covering unusual products or under unusual conditions or circumstances are contemplated, they should be referred to the Chief's Office for information and comment before they are executed.

(c) Region to Keep Chief Advised Promptly of Larger Sales.

Before making sales or definite commitments for any large quantity of material, the Regional Forester will clear with the Chief's Office by letter or telegram to insure against duplication. In this way duplication of sales effort will be prevented and a situation where both the Chief's Office and the regional office have committed the same material will be avoided.

(d) Area Forester's Authorization.

The Regional Forester's office will issue sales

authorizations to each Area Forester. These authorizations will be for sales not exceeding \$60,000, and at prices not lower than floor prices established by the Regional Forester. The exact amount of the authorization will be determined upon the basis of the selling work load, type of commodities to be sold and the experience and other qualifications of the individual to whom the authorization is issued. Sales authorizations should be reconsidered at intervals of three months and where it is necessary in order to facilitate the work, raised to an amount commensurate with the actual job at hand and the experience and other qualifications of the Area Forester.

(e) Regional Forester's Sales Program.

It is planned that excepting contracts made in Washington practically all direct war orders as well as a large share of the indirect war orders and sales of materials for essential civilian needs will be handled by the regional marketing organization. Responsibility for marketing work in the Areas will be specifically set up by the Regional Forester as soon as the production program has developed to a point where such action is warranted.

(f) Allocations of Sales Orders to Areas by Regional Forester.

When firm orders for or sales of material are taken or handled at the regional office, the Regional Forester will make definite allocations for filling the orders to the Areas concerned. When orders for very large volumes of material are taken by the regional organization and where it will be necessary to obtain the products from two or more areas, the regional office will determine and allocate to each area its quota. In making such allocations, as well as placing complete special orders with one area, all information necessary to enable the area office or offices to handle the order effectively will be included in the instructions. Important items in this connection are those listed under "1 (g) Responsibility for Sales, Chief's Office".

(g) Inter-Area Correlation by Regional Forester.

The Regional Forester will set up such controls and procedures and carry on such inspections as are necessary to obtain proper correlation of marketing activities between the area offices. This correlation should provide against duplication of effort in sales work in the areas. It should insure that approved methods of price determination and authorized "floor prices", competitive bidding, types of sales, methods of measurement, bonds, collections, rates of take, and similar important procedures are being used uniformly in all of the areas.

The Regional Forester's Office will also:

- (h) Allocate special orders to areas for production and delivery.
- (i) Keep areas informed currently of region-wide market information and values.
- (j) Keep areas informed currently on price ceiling regulations, interpretations and modifications of such regulations.
- (k) Keep areas informed currently on WFB freezing orders and their application to FPS sales and deliveries.
- (l) Contact regional offices of the various Government agencies such as the WPB, OPA, Army, Navy, Lend-Lease, Maritime Commission concerning marketing activities and problems.

3. Area Forester's Sales Program

- (a) The Area Forester will put into effect the marketing policies prescribed by the Regional Forester's office. (See "2 (d) Area Forester's Authorizations".)

The Area Foresters will make sales and execute sales agreements up to the amounts of their authorizations. These sales will cover such materials as they are authorized or directed to sell by the Regional Forester and will be subject to "floor prices" established by the Regional Forester. Where Area Foresters wish to make sales of material not specifically covered by their authorizations or instructions to sell, or in cases where it

is desired to make sales below established floor prices, clearance to take such action should be secured from the regional office before any definite commitment for the material is made.

(b) Allocations of Sales Orders to Districts.

Upon receipt of sales or order allocations from the regional office, the Area Forester will determine which of his districts can best furnish the required material and will make such allocations to the districts as will most satisfactorily and expeditiously fulfill his responsibility.

(c) Area Foresters and Other Agencies.

Some of the area offices will be located in places where the war agencies have regional or local offices. Area Foresters will from time to time be called upon by the regional office to make special contacts with such offices for the purpose of facilitating the marketing work of the region.

Likewise in carrying out his own sales responsibilities, the Area Forester will have to contact these local officials. Such contacts may be for the purpose of determining needs for FPS material, securing local interpretations of WPB or OPA regulations, or for the purpose of securing other information essential in connection with the Area Forester's marketing job.

4. District Forest Manager's Sales Authorization and Sales Program.

The marketing activities of the District Manager will be limited to making sales of material and items which are not salable in the general market and which are needed locally. The exact material to be thus sold and the amounts to be sold by the District Manager will be determined from time to time by the Area Forester. Floor prices also will be established by the Area Forester in order to relieve the District Manager of this time-consuming office work.

The main job in connection with marketing for which the District Manager will be responsible is the fulfillment of sales contract obligations. (See above "(b) Allocations of Sales Orders to Districts.") In general this will be to see that the proper quantities

and qualities of items sold are delivered or shipped to the purchaser on time and that information needed for collection purposes is furnished currently and in accordance with instructions.

VII Determination of Selling Prices (See also instructions under "Cost-Value Reports")

Basic Selling Price

1. Every effort must be made to redeem the obligation of the FPS to return to the CCC - on the average for all operations - the capital investment required to carry on the project plus 3 percent per annum. To this end the results of the "Cost-Value Reports" described later in this section must be constantly observed. And in every case possible - (the ideal situation) - the sale price should equal: (a) the purchase price, plus (b) the costs to FPS for "operation" activities such as scaling (see definition, Sec. X), plus (c) the required 3 percent per annum interest, plus (d) 7 percent to cover possible losses on other transactions, etc., and to the extent possible without interfering with the primary purpose of the FPS program plus (e) 5 percent to cover the administrative costs. It may be, as the Program develops, it will be found that this average percentage will need to be increased in order to meet the CCC obligation. (Note: the standard wholesale commission rate is 8 percent.) Since the above "ideal situation" will not always be present, the following supplementary procedures are listed:

2. When products are sold in the same form as acquired by FPS; for example, if a volume of rough lumber is both purchased and sold on a mill-run basis at the mill, the desirable sale price should be determined as in 1. above. The minimum selling price should include at least the items (a), (b) and (c) in that paragraph.

Application of Ceiling Prices to FPS Sales

3. Where ceiling prices have been established, they are applicable to all sales, unless special exemptions have been obtained from the OPA and the appropriate price ceiling schedules must be reviewed before a sale contract is executed to ascertain that it is within the particular regulation and not above the ceiling prices. Where ceiling prices have been established and where they can be obtained, sales should be made at ceiling prices subject to the instructions under "Cost-Value Reports". (See also "Hold-back (Trust) Funds and Ceiling Prices" in Sec. P)

4. Where ceiling prices cannot be obtained and there is an established market for the products to be sold, sales, subject to the instructions under "Cost-Value Reports", "Bids", etc., should be made at the highest obtainable price, but not below the going market value except as provided in 5 below. Since ceiling prices have been or are being established for most standard forest products and since market values and costs are given consideration by OPA in establishing such ceilings, the volume of material which will have to be sold on this basis will be small as compared to volumes sold at ceiling prices.

(a) Established market values should be determined where ceiling prices cannot be obtained by:

- (1) Reference to reputable trade journals;
- (2) Inquiry of established reputable buyers and sellers of the product in question in the locality where the sale is to be made;
- (3) Investigation of values of similar products of comparable species in the locality, and,
- (4) Any other way which may present itself.

(b) Record of Market Value Determination. When the market value has been determined as outlined above a brief memo should be prepared for the record setting forth for the particular sale:

- (1) The steps followed in making the value determination;
- (2) Which trade journals were referred to and which quotations were used in the evaluation and why, and the prices selected for use;
- (3) Which buyers and sellers were contacted and the information gained from each;
- (4) A statement of the values of similar products of comparable species considered at the time and in the area concerned and;
- (5) Any other steps taken or information acquired which was pertinent to the determination of the market values;

(6) See also "7. Justification Statements".

- (c) Minimum Selling Prices. (See also "Floor Prices"). When market values have been determined and recorded as provided above, such values should be considered as minimum selling prices. No sale should be made below these prices unless there are compelling reasons to do so. Such reasons might be unusually critical war need for the material, or where it is clear that to hold the products in the hope of securing higher prices later will likely involve too heavy carrying costs resulting in a greater loss to FPS or where the risk of carrying the material for a protracted period makes it advisable to sell quickly. Another reason is to release capital funds for use in additional lumber production; FPS should not keep funds tied up unjustifiably long in slow moving commodities.
- (d) Bids and Floor Prices. (See "Bid Procedure and Sales Agreements" and "Floor Prices"). The floor price should not ordinarily be included in the advertisement for bids as this might tend to hold quotations down to the floor price.
- (e) Sale by negotiation at or above the floor price should be attempted, if no bid is received at or above the floor price, subject to the instructions under "Cost-Value Reports".
- (f) If a sale cannot be negotiated at or above the market or floor price and it appears in the interest of the FPS to sell at that time, the sale should be made at the highest price obtainable, subject to instructions under "Cost-Value Reports".
- (g) For sales made below going market prices a memo setting forth in detail the reasons for such sale should be prepared in every case by the contracting officer. (See paragraph 7 of this section for Check List.)

5. Where neither ceiling nor established market prices exist, bids should ordinarily be solicited, for other than sales to Government agencies. (See "Bid Procedure and Sales Agreements") and then decision made as to whether the highest bid should be accepted or all bids rejected and sale by negotiation attempted.

- (a) In making this determination the average over-all cost of the product, as determined according to the above instructions and those under "Cost-Value Reports", should be kept in mind, including the cost of continuing to carry the products and the effect of the delay upon the war program. There is also for consideration the demands upon the unencumbered balance in the capital fund.
- (b) In each case of this kind where it is the decision to sell below cost as determined under "Cost-Value Reports" the contracting officer should prepare for the files a memorandum clearly showing that the sale was definitely in the interest of the Government. (See paragraph 7 of this Section.)

6. Sales to Government agencies where there is no ceiling nor established market price. The best market information available from persons who have dealt in the particular product involved should be obtained. Every effort should be made to make the sale at the "Basic Selling Price" (see 1. above). If this is not possible then the highest possible negotiated price should be used, subject always to existing instructions regarding sales below the cost-plus basis.

Justification Statements

7. In preparing statements in explanation of or in justification of sales below either floor prices as determined under 4. above or below cost-plus as set forth in 5. and 6. above, the following items, together with others as circumstances demand are for consideration:

- (a) Effect of ceiling prices
- (b) Emergency conditions
- (c) Aid to the war effort
- (d) Unusual costs
- (e) Prices best obtainable
- (f) Fire protection costs
- (g) Cost of continuing to carry the product
- (h) History of the sale to show the effort made to obtain cost or market value
- (i) Impracticability of continuing to hold the product
- (j) Any other advantages of selling at the prices obtained.

In order to justify a sale below market value or cost, it is necessary that the justification be based on facts or probabilities and not on mere suppositions or conjectures.

Sales "on an average" below cost require Chief's approval. When prices for commodities have been determined in accordance with the foregoing procedures, and it appears that losses "on the average" as disclosed by the methods described under "The Cost-Value Report", will be sustained, clearance to sell below cost must be secured from the Chief's Office.

VIII Cost-Value Reports

(See also "Determination of Selling Prices")

Under the "Memorandum of Understanding with the CCC" it is required that "on the average" the FPS investment plus interest at the rate of 3 percent per annum be recovered on FPS transactions. It is further required that when this cannot be done the approval of the CCC must be secured to make sales at prices below costs plus interest. (See Sec. B.) Consequently in order to keep the Chief's Office currently informed of the relationship of costs to expected returns from sales, the Regional Forester will prepare a cumulative cost-value report as of the end of each month. These reports will show an over-all average basis for the Region, for each commodity and species, information as follows:

1. Cumulative "primary" costs of production to date, plus 3 percent interest. These costs will consist of the "contract" costs as shown on the Inventory Records (see Section W), plus prorated handling and other "operating" costs not included in the contract costs but paid from capital funds as shown in the Accounting Records (see Section X). The proration of the latter to commodities and species will be made in proportion to the contract costs.
2. Cumulative values of sales material cut and delivered as shown on the inventory records (see Section W) plus market value of inventory materials on hand. The latter will be computed at the rates of selling prices as prescribed under "Determination of Selling Prices".

This report will be prepared in the Regional Office by the Division of Finance and Banking in cooperation with the Marketing Division. The Marketing Division will furnish the Division of Finance and Banking with the market value prices, by classes of products and species, for use in computing market value of inventory material on hand. In most instances these unit prices will, no doubt, be the "ceiling prices" but it may be necessary for Area Offices to furnish information periodically to the Regional Office for determination of other unit prices.

The form of report shall conform to that of the sample shown in this section. It will be noted that the investments in loans and equipment and the financial returns thereon are not reflected in this report. The status of such investments can be determined, however, from the Monthly Financial Reports (see Section X) and will be taken into account in considering the over-all relationship of total values to total costs. It may be found after some experience, that additional information must be required, but for the time being the items included in the sample form are sufficient.

The report should be prepared and forwarded, airmail if necessary, to the Chief in time to arrive in Washington by the 10th of each month.

Reports on Unliquidated Portions of Contracts.

Costs and values of material under contract for future delivery are deliberately omitted from the Cost-Value reports because of the uncertainties involved. Protection against severe losses from these unliquidated portions of contracts is provided by the 30 day cancellation option in all contracts. However, separate studies of these items will be made from the contract record cards quarterly or oftener as the Cost-Value Report curves may show is necessary, and the results reported to both the Regional and Washington offices in the same form as the Cost-Value Reports.

Use of Cost-Value Reports.

The cost-value report is for administrative purposes, and is not designed to furnish inventory data for marketing purposes; for the latter see Section W.

In Regional Office

When the monthly cost-value report for the Region is prepared, one copy will be routed to the Regional Forester through the Regional Director who will determine from it if the cost-plus requirement is being adequately met on a Region-wide over-all average. If not the Regional Director should determine what factors or what Areas are responsible for the failure to meet the commitment and take immediate steps to correct the situation so far as possible. This will include determination of whether the selling program, floor prices, etc. for any of the products should

be changed, and whether special clearance from the Chief must be secured to continue sales of any products or items.

When Costs Exceed Selling Values in Regions

If it is found that for any class of products the total cost-plus 3 percent is on the average for the Region exceeding the selling values the Regional Forester will so inform the Chief by letter or wire, together with his recommendation as to what can and should be done about it.

"Floor Prices"

Following receipt of each Cost-Value Report the Regional Director, based on his Region-wide size-up of cost-value ratios, will reconsider existing Area Floor Prices and will inform his Area Foresters of any changes in the floor prices which must be maintained to meet the cost-plus requirement. Area Foresters may not make any sales below these floor prices without the advance approval of the Regional Forester. (See also "Minimum Selling Prices").

It is important, of course that Area offices currently make analyses of relationships between cost prices and market prices, by products and species, in individual and related purchase and sale proposals.

In the Chief's Office

Upon receipt of the Cost-Value Reports from the Regions monthly the FPS Administrator will immediately have them summarized in order to determine for the FPS project as a whole whether or not the sales program is being conducted in such a manner as to recover the capital investment of CCC funds, plus 3 percent per annum to cover interest.

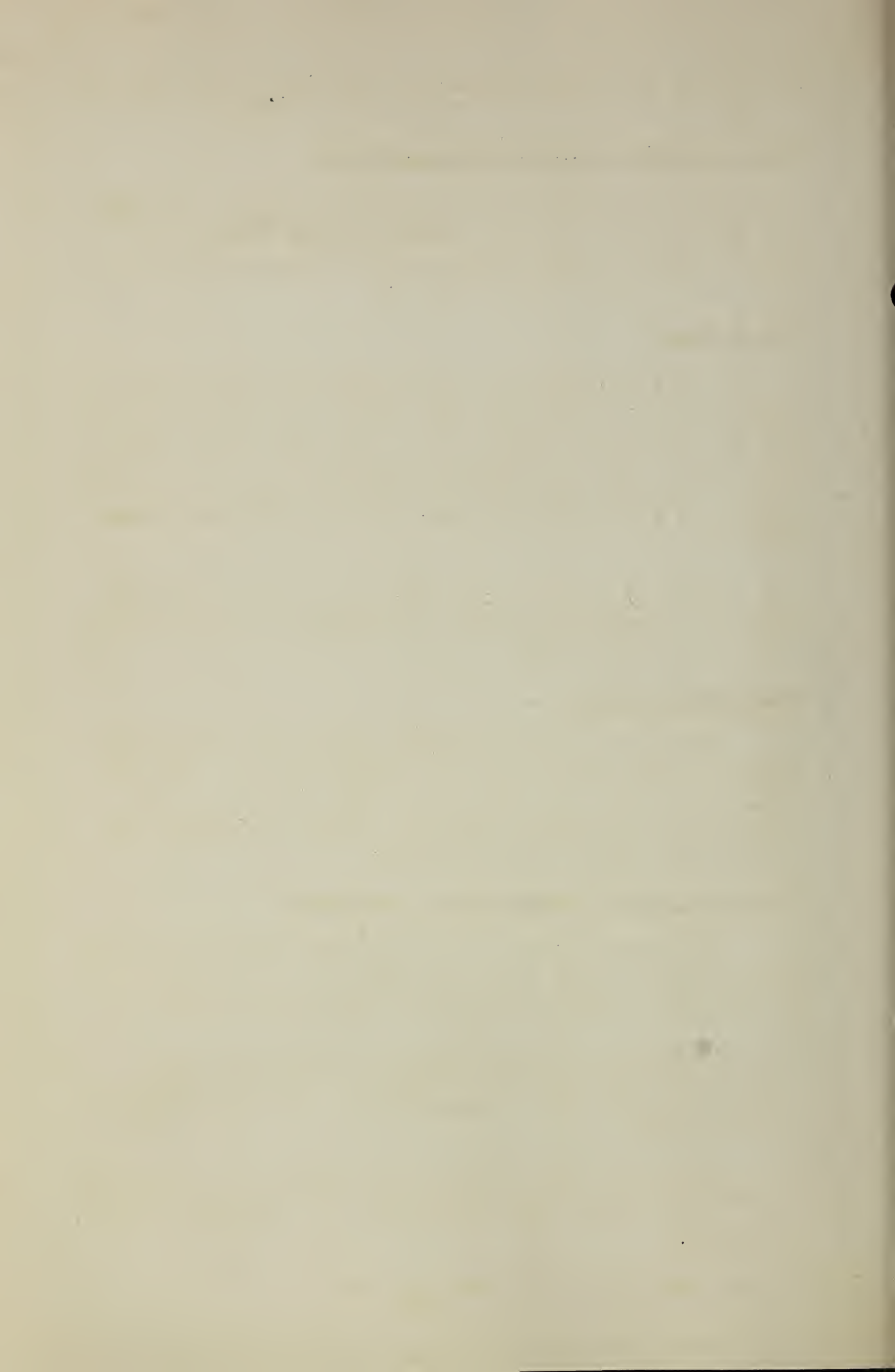
When Costs Exceed Selling Values - Countrywide

If it appears from the nationwide summarization of Cost-Value Reports, or from special reports, that on the average, for the project as a whole, sales will have to be made at less than the over-all cost-plus 3 percent, the Administrator will:

(A) Determine in which Region or Regions the losses are being sustained and will take action to bring the costs in line with selling prices so far as it is possible to do so, and

(B) Immediately contact the CCC officials to inform them of the situation, of the steps taken or to be taken to remedy it, and to secure clearance from them to continue the sales program.

(See sample form on the following page)



(SAMPLE)

Monthly Cumulative Cost-Value Report

Region B For period ending March 31, 1943

(1)	(2)	(3)	(4)	(5)	(6)
	:	:	:	:	:
	:	:	:	:	:
	:	Primary	Sales +	Difference	:
	:	Cost plus	Inventory	(plus or	:
	:	3% Interest	Value	minus)	:
Commodity	Species				Remarks
Lumber	Wh. Pine	2,575,500	2,787,000	211,500	
Lumber	Longleaf pine	2,482,100	2,514,600	32,500	Decrease in margin since Jan. report - see letter 4-5-43
Lumber			etc.		
Veneer Logs					
Sawlogs					
Pulpwood					
Fuelwood					
Fuelwood					
etc.					
etc.					
Totals					

FPS - W.O.

Instructions for Preparation

Purpose: See "Cost-Value Reports" in Section R of the FPS Manual

Period of Report: The data submitted in this report will cover the period from the beginning of the FPS program to the close of the month at which time the report is prepared.

Column 3:

- a. Secure cumulative totals of contract costs, by commodities and species, from the Inventory Records.
- b. Add to the contract costs handling and other operating costs paid from "Capital Finds" as shown by the Accounting Records, prorated to commodities and species in proportion to contract costs.
- c. To these totals or "Primary Costs" add 3 percent interest.

Column 4:

- a. Secure cumulative totals of values of sales, by commodities and species, from the Inventory Records.
- b. To these sales values add market value of inventory on hand; for determination of market values see "Cost-Value Reports" in Section R of the FPS Manual.

Column 5: Subtract column 3 from column 4.

IX. Marketing Plans

For each Area a marketing plan will be developed and currently maintained as a guide for both production and marketing. While no specific form of plan is prescribed here, it should be designed for systematic coordination of production and marketing to help in plan-wise fashion to obtain the primary objectives of the program. To the extent warranted it will treat with individual districts as well as the Area as a whole.

The Area marketing plan will, in effect, be a means for local expression and interpretation of the FPS marketing policy, in terms of commodities to be produced and markets to be served. The plan will be governed in part by guides furnished and orders allocated by the Washington and Regional offices. Nevertheless, there will be many cases of important war and essential civilian needs to be met immediately within Areas, as well as by-products to be marketed, subject of course to the FPS objective and policy of supplementing, not competing with, other satisfactorily operating concerns.

The over-all plan or "policy statement" should be developed as soon as production possibilities of the Area are determined, to furnish a guide for initial production efforts. As purchase contracts are made and more specific markets are determined, the plan should be further developed and currently maintained to indicate the marketing channels into which the specific products from individual mills and yards, and groups of log-buying stations are to be directed.

To facilitate marketing activity at the regional level copies of the Area marketing plans and current revisions thereof will be furnished the Regional Forester. When the Area marketing plans have been developed, each region will develop a marketing plan for the region and send a copy to the Chief. Regional foresters will keep the Chief advised of any significant changes in the regional plans.

X SALES NEGOTIATIONS AND AGREEMENTS

1. Policy on Negotiations

It is the policy of the Forest Service to obtain bids to the greatest extent practicable without unduly delaying action on wartime needs, and thus protect the public interest and avoid undesirable charges against FPS. Sales of forest products to Government agencies and sales to fill special war orders, however, will be by direct negotiation. Bid invitations will not be issued to other prospective bidders in such cases. (See "II Specific Sales Policy" in this section of the Manual.)

In other cases bid invitations need not be issued in all instances. Bids will be invited, however, in such "other" cases in instances where there is more than one prospective bidder and conflict with the policies and primary objectives of the FPS program will not result from competitive bidding. For example, the market for finished products is widespread; on the other hand, the market for logs at a group of sites is much more limited and direct negotiations first with the nearest mill operator may be indicated with a view toward avoidance of cross-hauling. Competitive bids, whenever possible, will always be secured in the sale of by-products. If bid invitations are not issued in such "other" cases, a written statement of justification for not securing competition will be filed by the officer approving the sale.

Where formal bids are not invited or are not secured, sale contracts, nevertheless, will be entered into by means of direct negotiation as outlined later in this section.

2. Bid Invitations

a. Prospective Bidders

Bid invitations will be sent only to "real" prospective buyers of the items to be sold. In determining the list of prospects, the main points to be considered are -- Does it fit into the FPS program? Does it include those who have indicated an interest in procuring items up for bid? Is adequate competition likely to result?

b. Opening Date

The issuing date should be sufficiently in advance of the opening date to permit a reasonable amount of time for inspection by the prospective bidders of the items to be sold and the necessary time for mailing bids.

c. Deposit with Bid

No bid should be considered unless accompanied by a ~~postal~~ money order, cashier's check, certified check, or bank draft in an amount equal to 10 per cent of the total bid price on the quantity estimated for sale. Deposits of unsuccessful bidders will be returned to them. That of the successful bidder will be credited to the account of the successful bidder.

If the successful bidder fails to execute the sale agreement, or if he fails to furnish, upon request, within the time specified, a performance bond as specified in the Conditions of Sale, the amount so collected will be retained by the Forest Products Service as liquidated damages resulting from such failure; except that where the bid value exceeds \$15,000, the amount retained for this purpose shall be either 5 percent of the value at bid price or \$1,500, whichever is the greater.

d. Form of Bid Invitation

Invitations for bids on forest products to be sold will contain information and forms as follows:

- (1) Name and location of office and title of official to whom bids should be submitted.
- (2) Latest date and time of day for receipt of bids.
- (3) Whether bids will be accepted for "all" or "all or part" of the items offered for sale (whichever is applicable and to the best interests of FPS).
- (4) Preference given in acceptance of bids for offers on "all" items on individual sites as compared to offers for only "part" of the items at individual sites (ordinarily such preference will be given).
- (5) Preference given bids which include offers for pile bottoms, roof boards and stickers, other things being equal (if applicable to the case at hand).

- (6) Maximum removal period from date of sale agreement and preference given for earliest date of removal offered, other factors being equal.
- (7) Reservation by FPS of right to reject any or all bids and to readvertise or otherwise dispose of the products, if in its opinion the circumstances warrant such action.
- (8) Amount of deposit with bid and procedure in connection therewith (see ~~W.S.~~ above).
"C"
- (9) Name and location of office where additional information may be obtained.
- (10) Appropriate bid form (for lumber, logs, etc.)
- (11) List of items to be sold, showing quantity and specific description of each item, by specific locations, in accord with the Inventory Record.
- (12) Conditions of sale, as follows:
 - (a) Removal. Show latest date removal may be initiated, minimum periodic rate of removal, minimum amount to be removed on days on which removal is performed. Factors to be considered are--subsequent FPS needs of the site for storage, expense for site rental, terminal date of lease on storage site, and efficiency in organization and scheduling of scaling, grading, and tallying.
 - (b) Performance bond. If a bond is to be required, indicate basis on which the amount of the bond is determined. Ordinarily, performance bonds will not be required in sales where the amount of the contract is less than ~~\$500~~ ^{\$1,000} or in cases where one payment in full is required, but in such cases there should be no hesitancy to require a bond if it is needed to protect the interests of the corporation.

If a bond is required and the amount of the contract is less than \$1,000, the amount of the bond shall be \$50 or 10 percent of the amount of the contract, whichever is the lesser of the two; if the amount of the contract is \$1,000 to \$15,000, the amount of the bond shall be 10 percent of the amount of the contract; if the amount of the contract is over \$15,000, the amount of the bond shall be \$1,500, or 5 percent of the contract, whichever is the greater of the two.

Either surety or cash bond may be submitted.

The surety in surety bonds must be acceptable to the Forest Products Service. A list of accredited bonding companies should be maintained on file in Area offices for the information of purchasers. The above requirements should be brought out in the "Conditions of Sale" in bid invitations; also that if bond is submitted by a corporation or company and is signed by an official of that organization, it must be accompanied by certification by the officer in charge of the records of the organization--that the signer is an official of the organization--that the signature is genuine--and that the bond was signed and attested for and in behalf of the organization by authority of its governing body, and is within the scope of its authority. An example of "Certificate as to Corporate Principal" will be shown in the "Conditions of Sale" (See Sec. Y for example). For form of bond, see Sec. Y.

- (c) Special clauses, as needed to meet the local situation but which do not conflict with standard clauses as shown in Sec. Y. For example, merchantability of logs or other similar products should be defined in its relation to method of measurement; responsibility for clean-up of site, for removal of purchased items from piles, for re-roofing remaining partial piles, for disposition of broken material, stickers, pile bottoms, roof boards, blocking, etc., should be clearly specified.

- (13) A sample agreement, including standard clauses applicable to the case at hand.

Note: - Minimum prices will not ordinarily be quoted in invitations for bids on forest products to be sold by the FPS.

3. Sale by Direct Negotiation

(For negotiations with Government agencies, see "Sales to Government Agencies" in this section of the Manual).

In advance of direct negotiation, a form of sale agreement, with sufficient copies for contracting purposes, will be prepared covering the proposed sale. All sections of the agreement will be filled in, except name and address of buyer, unit prices, date and execution of application and any other specific features to be determined in the course of negotiation, such as rate of delivery and removal.

Minimum and desirable prices, latest date for removal and similar limits on other negotiable features will, nevertheless, be determined and will be approved by the officer authorized to approve the sale in advance of negotiation.

In cases of direct negotiation the officer authorized to approve the sale will also be responsible for determining the most logical purchaser of the items for sale and will file a statement of the basis for decision. Special care will be exercised in making this decision, especially where items are to be sold at less than ceiling prices.

In the conduct of direct negotiation the most logical prospective purchaser will be given first opportunity to enter into the sale agreement. If he is not interested, this will be made a matter of record, and formal bids will be invited or negotiations will be made with the next most logical purchaser, whichever method is in the best interests of the FPS program. (See "Policy on Negotiations" in this Section of the Manual.)

The prospective purchaser will be given a reasonable length of time in which to inspect the items to be sold.

Negotiations will ordinarily be completed in person, at which time the negotiator will complete the sale agreement and have the purchaser execute the agreement subject to acceptance by the officer authorized to approve the sale.

A deposit equal to the amount of the initial, or full, payment as specified in the sale agreement will be submitted with the agreement as signed by the purchaser, i. e. prior to execution of the agreement by the approving FPS officer. The deposit will be credited to the account of the purchaser as the initial, or full, payment on the products to be purchased, unless for sufficient reason the sale is not approved in which event it will be returned to the prospective buyer.

4. Sales Agreements

The standard form FPS-33 "Sales Agreements", as shown in Sec. Y of the FPS Manual, will be used for all sales of forest products, except those to Government agencies. For the latter, see "Sales to Government Agencies" in this Section of the Manual.

Standard and special clauses will be applied as follows:

a. Volume and Description

The volume and description of the forest products shall be exactly in accord with that shown in the bid or, in direct negotiations, with inventory record of items to be sold.

b. Variation in Volume

The maximum variation in volume of products sold and bought will vary according to the nature of the product.

c. Prices

Prices will be specified by commodities, species, dimensions, etc., by locations, in accordance with bid or with terms of direct negotiation.

d. Payments

Payments will be made in advance of removal from FPS storage yard, the minimum periodic rate of payment specified depending on the time removal shall be initiated and completed.

e. Title

Prior to the passage of title to the purchaser by the terms of the contract, such care and protection will be the responsibility of the Forest Products Service. After title vests in the purchaser by the terms of the contract, it will be his responsibility and any loss due to fire, theft, or other cause will be his loss and not that of the Forest Products Service.

Form FPS-33 does not make provision as to when title of FPS products passes from the FPS to the buyer. Ordinarily, title passes to purchaser coincidentally with delivery.

There may be particular cases when it is desirable to specify in the contract that immediately upon receipt of payment from the buyer title is vested in the buyer; for example, when all of the products in an FPS storage yard are sold

to one buyer 'as is and where is,' regardless of length of period allowed for removal. Inclusion of such clause in the contract would be desirable in such cases to insure understanding as to responsibility for care and protection of the products and relief of the FPS from liability in the event of any loss due to fire, theft, etc. In such types of sales it is likely that each contract will be drawn in such form as to fit the particular conditions involved.

f. Grading, Scaling, Tallying, Etc.

The "hold-back" clause will be applied in accordance with the policy stated in Section B. For definition of legal restrictions in the use of this procedure, see "Budget and Finance" in Section X.

The estimated cost of wages, travel and other expenses of graders, scalers, etc., incident to furnishing the services to be rendered will be included in determination of the "hold-back" fee. A schedule of fees based on average conditions and efficiency will be developed for standard services and will be applied, with modifications only as may be indicated in extraordinary situations. Standard rates for certified association graders and scalers may be used at the outset in calculating the fee for such services, i.e., until a more specific determination of cost can be made on the basis of experience.

For other standard clauses, see Form FPS - 33 and exhibits in Section Y. Special clauses may be applied to meet particular situations, provided they are not in conflict with standard clauses as shown in Section Y. For example, provision should be made for a definition of "merchantability" in scaling logs or other similar products, the exact definition depending on the nature and grade of the commodity. Advantage should be taken of the opportunity to secure the assistance of regional offices of the Solicitor in developing special clauses for problem cases.

Extension of Time beyond the contract expiration date may be allowed at the option of the FPS to take care of contingencies beyond the control of the purchaser. It may even develop in unusual cases that an extension of time is advantageous to the FPS, even though the delay was within the control, or the fault, of the purchaser. A letter from the approving officer to the buyer is sufficient notice for grant of a time extension; amendment of the agreement is not necessary.

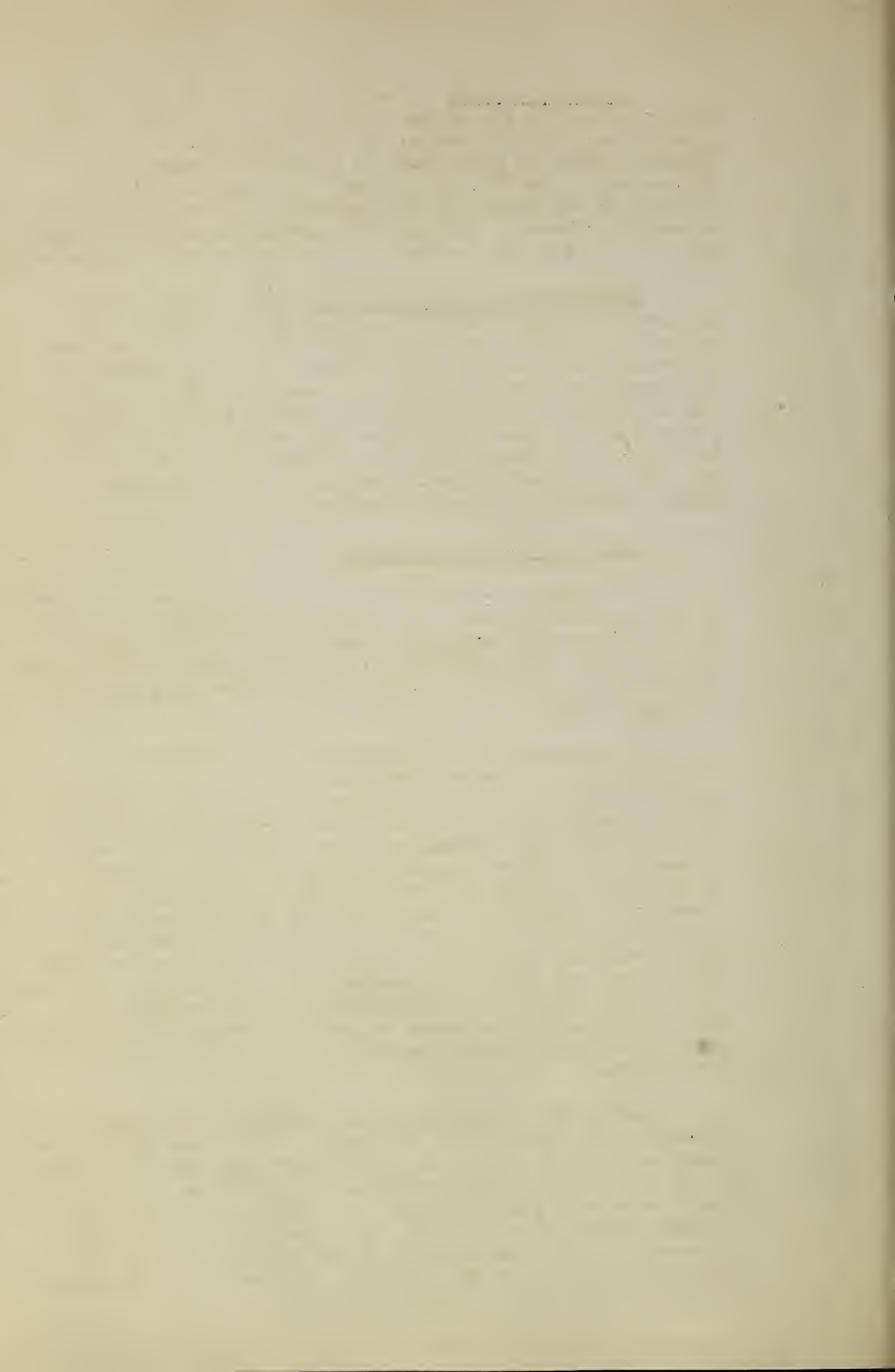
Amendments to Sales Agreements may be necessary and desirable to cover changes in conditions or an additional volume to be sold at the same prices and under the same conditions, but agreements cannot be amended to the detriment of the Commodity Credit Corporation. Amendments will be clear-cut and tied into the contract by proper reference, dated and executed by the same authorities who executed the contract. In each case of amendment the approving officer of the FPS will file a supporting justification statement therefor. A sample amendment is shown in Section Y.

5. Sales to Government Agencies

The manner of negotiation of sales to Government agencies, of course, will vary with the method of purchasing prescribed for such Government agencies. Arrangements can no doubt be made, however, for inclusion in Government orders such stipulations as are necessary in order that the FPS may redeem its responsibilities.

For example, in the delivery of wood products to a Government agency advance payment by such agency is neither feasible nor is it necessary for protection of the interests of the Commodity Credit Corporation. Likewise, deposits with purchase orders and performance bonds would not be in order in such cases. There is good reason, on the other hand, in the interests of both the Commodity Credit Corporation and Government purchasing agencies for provision for rates and dates of deliveries, methods of measurement, responsibility for removal from stock piles, etc. While the nature of such stipulations may vary with circumstances surrounding individual cases, quotations to Government agencies will include such stipulations as are necessary to protect corporation interests and to facilitate accomplishment of the objectives of the FPS program.

As the Chief's Office becomes familiar with procurement procedures and limitations of military, lend-lease and similar agencies, it will pass on to regional offices such information as may be helpful to field offices in negotiating regional and local sales with such agencies. In sales negotiated by the Chief's Office, it will be the responsibility of that office to coordinate the requirements of the procuring agency with the practicability of FPS production performance on the basis of information from the regional offices.



XI PRIORITIES ON FOREST PRODUCTS

The War Production Board has issued, and is issuing from time to time as war needs require, priorities regulations and limitation, conservation, preference rating and suspension orders for the purpose of controlling the use, production, ordering, purchasing, delivery, selling and allocation of critical materials. While the War Production Board has superseded the Office of Production Management, it has, nevertheless, continued in force many of the orders previously issued by OPM.

Some of these regulations and orders apply specifically to products which will be purchased or produced by the FPS. Their effect on the FPS program will be direct in some instances, indirect in others.

The FPS will not only comply with the terms of the regulations and orders which apply directly to the purchasing and marketing activities, but will also carry on its business in a manner consistent with the spirit of those which apply to purchasers of FPS products as well.

Accordingly, personnel administering and managing the FPS program and particularly those responsible for marketing activities, should familiarize themselves with the principal features of such regulations and orders, and specifically those features which are directly applicable to FPS activities. The existing orders, regulations, and amendments bearing on the purchase and marketing of likely FPS products are listed below.

These orders are also summarized in this section of the Handbook, especially in their relationship to activities of the FPS. Priorities Regulation No. 1 which governs the handling of rated purchase orders and contracts is shown in considerable detail to facilitate FPS marketing activities. Note: These summaries are for informal use. For legal usage refer always to the Federal Register involved.

The Handbook will be revised currently to include new regulations, etc. These regulations and orders with appropriate reference to issues of the Federal Register containing the complete text of the priority orders and regulations, are as follows:

<u>WPB Regulations</u>	<u>Effective</u>	<u>Federal Register</u>	<u>Citation</u>
Priorities Regulation No.1	8/27/41	4489	8/30/41
Amended	12/23/41	6680	12/24/41
Interpretation	3/10/42	1835	3/11/42

<u>WPB Regulations</u>	<u>Effective</u>	<u>Federal Register</u>	<u>Citation</u>
Amendment No. 2	5/1/42	3311	5/5/42
Interpretation No. 1	5/7/42	3428	5/8/42
Amendment No. 3	6/26/42	4832	6/30/42
Interpretation	7/21/42	5603	7/22/42
Amendment No. 4	8/10/42	6256	8/12/42
Interpretation	10/20/42	8470	10/21/42
<u>Priorities Regulation No. 3</u>	2/2/42	250	1/14/42
Amendment No. 1	2/25/42	1566	2/27/42
Amended	6/26/42	4833	6/30/42
Amended	7/1/42	4422	6/12/42
Interpretation	7/14/42	5404	7/15/42
Amended	10/3/42	7887	10/6/42
<u>WPB Orders</u>			
<u>No. L-41 Construction</u>	4/9/42	2730	4/10/42
Amended (this amendment embodies the Order in full, up to 12/5/42)	12/5/42	10211	12/8/42
<u>No. M-186 Sitka Spruce Logs</u>	7/13/42	5359	7/14/42
<u>No. M-208 Softwood Lumber</u>	8/27/42	6637	8/22/42
Amendment No. 1	9/11/42	7202	9/12/42
Amendment No. 2	10/5/42	7901	10/6/42
Amendment No. 3	10/19/42	8424	10/20/42
Amendment No. 4	10/20/42	8474	10/21/42
Amendment No. 5	10/27/42	8693	10/28/42
<u>No. M-209 White Oak Logs</u>	8/24/42	6680	8/25/42

<u>WPB Orders</u>	<u>Effective</u>	<u>Federal Register</u>	<u>Citation</u>
<u>No. M-234 Douglas Fir Logs</u>	9/8/42	7092	9/9/42
 <u>No. M-251 Pulpwood</u>	10/19/42	8424	10/20/42
Schedule II	10/26/42	8686	10/28/42
Schedule II	10/26/42	8687	10/28/42
 <u>No. L-218 Douglas Fir Lumber</u>	10/29/42	8549	10/23/42
Amendment No. 1	10/29/42	8795	10/30/42
Amendment No. 2	11/6/42	9080	11/7/42
 <u>No. S-136 E.E. Anderson</u>	11/10/42	9122	11/10/42
<u>Lbr. Co.</u>	to 2/10/43		

Priorities Regulation No. 1, effective 8/27/41:
(as amended to and including 10/20/42)

Overall Nature - establishes provisions applicable to the operation of the Priorities System.

Significance in FPS Program - Defense Orders and all other purchase orders or contracts bearing preference ratings must be accepted and fulfilled in preference to any other purchase orders or contracts, subject to specified provisions (the principal features of which applicable to FPS activities are outlined below).

Applicability of Priorities Regulations

All orders and regulations of the War Production Board which control the sale, transfer or delivery of any material product or equipment, apply to sales made by any person, whether for his own account or for the account of others, and all restrictions upon accepting delivery apply to acceptance of delivery at any type of sale, including sales by auctioneers and other cases where the assets of a business are being liquidated, except as otherwise ordered by the War Production Board.

Definition of "Defense Order"

"Defense Order" means:

- (1) Any purchase order or contract to which is assigned a preference rating of A-10 or higher;
- (2) Any purchase order or contract for material or equipment to be delivered to or for the account of the Army, Navy, Coast Guard, Maritime Commission, War Shipping Administration, Panama Canal, Coast and Geodetic Survey, Selective Service System, Civil Aeronautics Administration, National Advisory Committee for Aeronautics, Office of Scientific Research and Development, Defense Supplies Corporation, Metals Reserve Company, and Governments of the United Kingdom and its Dominions, Crown Colonies and Protectorates, Belgium, China, Free France, and other countries of the United Nations;
- (3) Any purchase order or contract placed by any agency of the United States Government for delivery of material or equipment to or for the account of the government of any country, pursuant to the "Lend-Lease Act", or

- (4) Any purchase order or contract for material or equipment required for incorporation into material or equipment to be delivered under orders or contracts included in (1), (2), or (3) above.

Acceptance of Defense Orders

- (a) Defense Orders and all other purchase orders bearing preference ratings must be accepted even if such acceptance will render impossible or result in deferment of:
 - (1) Deliveries under previously accepted orders bearing no preference rating, or
 - (2) Deliveries under previously accepted orders bearing lower ratings, unless rejection is specifically permitted by the Director General for WPB Operations or is permitted under the terms of (b) (2) below.
- (b) Defense Orders and other purchase orders bearing preference ratings need not be accepted:
 - (1) If delivery on schedule thereunder would be impossible by reason of the requirements of previously accepted orders bearing higher or equal preference ratings, unless specifically directed by the Director General for WPB Operations;
 - (2) If delivery can be made only by use of material which has already been completed, or is scheduled for completion within 15 days after receipt of such order, for delivery under a previously accepted order bearing any rating higher than A-2, unless the order bears a rating of AAA or acceptance thereof is specifically directed by the Director General of WPB Operations;
 - (3) If the person seeking to place such order is unwilling or unable to meet regularly established prices and terms of sale or payment, but there shall be no discrimination against such orders in establishing such prices or terms;

- (4) If the material ordered is of a kind which has not usually been sold by the person to whom such order is offered, and which either is not capable of being produced by such person without substantial alteration of (or addition to) such person's facilities or is readily obtainable from another person by whom it is usually sold; or
- (5) If delivery on schedule thereunder by reason of such order would require immediate termination or interruption of a production schedule that would result in a substantial loss of production, Provided, however, that such reason would not be valid in the case of orders offered which permit delivery or postponement of delivery 40 days or more after receipt of such order.

Appeal on Rejected Orders

A person whose order is rejected in alleged violation of this regulation may appeal the rejection to the Director General for WPB Operations, who in turn may require submission of a sworn statement of circumstances from the person having rejected the order and who may thereafter take such action as he deems appropriate.

Assignment of Preference Ratings

Preference ratings may be assigned to contracts, purchase orders or deliveries:

- (a) By means of Preference Rating Certificates issued by authority of the Director General for WPB Operations, or
- (b) By orders, rules or regulations issued by the Director General for WPB Operations assigning ratings to particular deliveries or to specified classes of deliveries.

The Director General for WPB Operations may also issue specific directives as to particular deliveries without assigning ratings thereto.

Sequence of Preference Ratings

- (a) Preference ratings in order of precedence are: AAA, AA-1, AA-2, AA-2X, AA-3, AA-4 etc.; A-1-a, A-1-b, etc.; A-2, A-3, etc.; B-1, B-2, etc.

(b) Ratings of AA-1 and AA-2 are to be deemed ratings of the same grade, both ratings being equivalent to the present rating of AA-1.

Sequence of Deliveries

(a) Every delivery under a Defense Order or other rated order shall be made in preference to deliveries under all other contracts, whenever, and to the extent, necessary to fulfill the delivery schedule provided in the Preference Rating Certificate covering such delivery or in the purchase order or contract if no Certificate has been issued.

(b) Deliveries on orders bearing no preference rating or lower preference ratings shall be deferred to the extent necessary to assure those deliveries bearing higher preference ratings, even though such deferment may cause defaults under other contracts or purchase orders.

(c) Each person who has Defense Orders or other rated orders on hand must so schedule his production and deliveries that deliveries thereunder will be made on the dates required; giving precedence, in case of unavoidable delay, to deliveries bearing the higher preference ratings.

(d) In case deliveries cannot be made on schedule to fulfill orders bearing the same preference rating, the sequence of deliveries shall be determined by the respective dates on which the preference ratings are applied or extended to deliveries. In case of equal ratings and equal dates of rating application or extension and it is impossible to make all deliveries on schedule, the sequence of deliveries shall be determined by the delivery dates specified in the respective preferences certificates by which such preference ratings were assigned, or if the ratings were assigned by rule, regulations or order, then by the dates specified in the purchase orders or contracts.

(e) Notwithstanding the foregoing provisions of this section of this Regulation, material specifically produced for an order bearing a rating higher than A-2 may not be diverted under a higher rated order subsequently accepted, if such material is completed at the time of acceptance of the higher rated order or is scheduled for completion within 15 days thereafter, unless such diversion is specifically directed by the Director General for WPB Operations, or unless the subsequently accepted order bears a rating of AAA.

(f) Notwithstanding the foregoing provisions of this section of this Regulation, no person who receives any rated order shall be required by reason of such order to terminate or interrupt a production schedule immediately in any case where such termination or interruption would result in a substantial loss of production, Provided, however, that in any such case termination or interruption

of the schedule as would otherwise be required by receipt of such order shall not be postponed more than 40 days after such receipt.

Delivery Schedules

(a) No earlier delivery date shall be specified in any defense order or other rated order than required by the production or delivery schedules of the person placing the order. Each such order must bear a specific delivery date or dates.

(b) No preference rating will be assigned to any purchase order or contract which specifies delivery dates earlier than required by the production or delivery schedules of the person placing order or contract.

Deferred Deliveries

The person entitled to delivery may appeal unreasonably or improperly deferred delivery under Defense Orders or other rated orders to the Director General for WPB Operations who in turn may require submission of a sworn statement of circumstances from the person against whom the complaint is made, and who may thereafter take such action as he deems appropriate.

Allocations

Specific allocations of a material made by the Director General for WPB Operations, may, in the discretion of the Director, be made without regard to any preference ratings which have been assigned to deliveries under particular purchase orders or contracts.

Allocation orders issued by the Director General for WPB Operations shall take precedence over any preference ratings assigned to deliveries under particular purchase orders or contracts.

Use of Material Obtained Under Allocation or Preference Rating

Any person who obtains a delivery of material under an order or contract bearing a preference rating, or under Order of the Director General for WPB Operations, must use such material or an equivalent amount thereof for the purpose specified in connection with the issuance of the order or rating.

Priorities Regulation No. 3, effective 2/2/42:
(as amended to and including 10/3/42)

Principal features - provides for use of rating certificates and establishes uniform method of applying and extending preference ratings. (Note:- Re-rating procedures are established by Priorities Regulation No. 12, effective 6/26/42 - Federal Register of 6/30/42).

Significance in FPS Program - in some instances the FPS may be concerned with extension of preference ratings to purchases, for example - of softwood lumber made to fulfill deliveries on Defense Orders placed with or through the FPS. Until such time as frequency of this type of transaction warrants, no specific digest of procedure in this regard will be included in the FPS Handbook. (See Federal Register Citations for references).

No. L-41 Construction, effective 4/9/42:

(as amended and interpreted to and including 12/5/42).

Principal features - Prohibits starting of construction (erection, construction, remodeling, or rehabilitation of any building, structure or project, or additions thereto or extensions or alterations thereof, but not including repair or maintenance) or securing or using material or construction plant in order to begin construction, unless construction is within one of the following classes:

- (1) Property of the United States Army, Navy, Coast Guard, Maritime Commission, Coast and Geodetic Survey, Civil Aeronautics Authority, the Panama Canal, or the Office of Scientific Research Development;
- (2) Any building, structure, or project used directly in the discovery, development, or depletion of mineral deposits;
- (3) Telephone facilities or equipment, other than buildings, and permitted under Order L-50; or railroad tracks;
- (4) Facilities, other than buildings, for furnishing utility services as permitted under Order P-46;
- (5) Types of construction subject to Orders in the M-68 series relating to the production and distribution of petroleum;
- (6) Construction which can be completed with materials either on hand or obtainable without priorities assistance; which upon completion will not require incorporation of any materials to supply, electric, gas, water, steam, telephone, or sewage disposal service; and which is
 - (i) Residential construction and is estimated to cost less than \$200 or is for the purpose of restoration or reconstruction of Residential construction damage or destroyed since 12/31/42 by fire, flood, tornado, earthquake, act of God, or the public enemy;
 - (ii) Multiple, Residential, Agricultural, or Other Restricted Construction, and is estimated to cost less than \$1,000; or

- (iii) Industrial Construction and is estimated to cost less than \$5,000;
- (n) Agricultural, Industrial or Other Restricted Construction to reconstruct or restore that destroyed or damaged by fire, flood, tornado, etc., since 9/7/42.
- (7) Agricultural Construction of irrigated pipe lines or drainage tile drains in which no materials except earth or other unprocessed material and clay or non-reinforced concrete tile, or pile, not more than 12" in diameter, are incorporated; or Agricultural Construction incident to the erection or installation of farm machinery or equipment listed in Order L-170; or
- (8) Construction which has been or after effective date of order is specifically authorized by OPM or WPB.

Significance in FPS Program - Under section (c) the Order reads as follows:

"Prohibited Deliveries. No person shall accept an order for, sell, deliver or cause to be delivered, material or construction plant which he knows, or has reason to believe, will be used in violation of the terms of this Order".

No. M-208 Softwood Lumber, effective 8/27/42:
 (as amended to and including 10/27/42)

General Nature - Establishes rigid controls on distribution and use of Softwood Lumber. (Supersedes temporary "freeze" order No. L-121 on "Construction Lumber").

- (a) M-208 controls consumer use of softwood lumber by restricting to certain uses the ordering, purchase, acceptance of delivery and use of certain species and grades.
- (b) M-208 limits acceptance of delivery of softwood lumber for inventories on non-producers, except for inventories of box factories.
- (c) M-208 controls distribution by assignment of preference ratings to softwood lumber deliveries.

Significance in FPS Program

- (a) The FPS is a "producer", and therefore its inventories are not directly controlled by M-208. Nevertheless, M-208 provides that no person shall sell, deliver, or cause to be delivered any item of softwood lumber which he knows or has reason to believe will be received or used in violation of the terms of the Order which restrict use of certain grades and species or which limit consumer inventories.
- (b) Of particular significance to FPS is the assignment of preference ratings to softwood lumber deliveries. Each order for purchase which bears a rating falling within Class 1, Class 2, Class 3, or Class 4 shall be deemed to bear the highest rating included within the particular class and shall be so treated in the acceptance of rated orders and the sequence of deliveries thereunder.

For example, orders bearing a rating (or ratings) which fall in Class 1 will be given priority in the acceptance of orders and the sequence of deliveries over orders bearing ratings which fall in Classes 2, 3, and 4, and over orders which do not bear a rating.

In the absence of any orders for purchase bearing a rating, other orders for any items of softwood lumber other than those on which use is restricted can be accepted and filled without regard to sequence, except, of course, where acceptance is restricted by such other orders as No. L-41.

Orders bearing ratings varying from AA-5 to A-1-k, for example fall in Class 3 and would be given like treatment in the acceptance of orders and the sequence of deliveries but an order which bears rating higher than AA-5 would be given priority over those in Class 3.

For handling of rated orders, see "Priorities Regulation No. 1" in this part of the FPS Handbook.

Definitions

(1) "Softwood lumber" means any sawed lumber of any size or grade and of any species of softwood, rough or dressed; except Douglas fir lumber sold, shipped or delivered by producers in accordance with the provisions of Limitation Order L-218, used lumber, veneer, plywood, shingles and lath.

Under the Order, preference ratings have no force or effect with respect to deliveries of softwood logs (although Order No. M-234 does permit establishment of control for allocating Douglas fir logs).

(2) "Class 1 orders" means purchase orders or contracts bearing preference ratings of AA-1 or AA-2. (M-208 does not apply to acceptance and filling of orders bearing preference ratings of AAA. For handling of such orders see Priorities Regulation No. 1 in this section of the Manual).

(3) "Class 2 orders" means purchase orders or contracts bearing preference ratings of AA-2X or lower, but higher than AA-5 (including purchase orders or contracts for softwood lumber for the uses in List A attached to the Order unless purchase orders or contracts for such items bear preference ratings higher than AA-2X).

(4) "Class 3 orders" means purchase orders or contracts bearing preference ratings of AA-5 or lower, but not lower than A-1-k (including purchase orders or contracts for softwood lumber for the uses listed in List B attached to the Order unless the purchase orders or contracts for such items bear preference ratings higher than AA-5).

(5) "Class 4 orders" means purchase orders or contracts bearing preference ratings lower than A-1-k (including purchase orders and contracts for softwood lumber for the uses listed in List C attached to the Order unless the purchase orders or contracts for such items bear preference ratings higher than A-1-k).

(6) "Producer" means any plant which processes, by sawing, edging, planing or other comparable method, 25 percent or more of the total volume of logs and lumber purchased or received by it, and which sells as lumber the product of such processing.

The definitions of Class 1, Class 2, Class 3 and Class 4 orders above have the effect of grouping the rating of orders for softwood lumber into four broad classes, thereby simplifying the task of handling and filling rated orders for softwood lumber.

"Producer" is defined for purposes of interpreting those parts of the Order limiting inventories of "non-producers" and restricting uses by "non-producers".

Note: Order No. M-208, particularly Lists A, B and C, is being revised at this time. Accordingly, no further details in regard to M-208 are being included here at this time.

No. M-209 White Oak Logs, effective 8/24/42:

Principal feature - prohibits use and acceptance for use in manufacture of veneer, except that this restriction does not apply to manufacture of veneer for implements of war for delivery to or for the account of the Army, Navy, Coast Guard, Maritime Commission or War Shipping Administration. This will conserve high quality logs for boat construction.

Significance in FPS-Program - while this Order places no responsibility on a person accepting orders for, selling, delivering, or causing to be delivered white oak logs which he knows, or has reason to believe, will be used in violation of this Order, FPS officers will exercise caution against making deliveries under such circumstances.

No. M-251 Pulpwood, effective 10/19/42:

Principal features - Provides for specifying areas where critical shortages develop and scheduling of allocation and control therein.

Significance in FPS Program - to date only two schedules have been issued, namely, Schedule I of 10/26/42, establishing allocation control in the Puget Sound Area of Washington, and Schedule II of 10/26/42, describing the Columbia-Willamette Area in Washington and Oregon and specifying it as a critical area in which establishment of allocation control may be undertaken.

While no schedules as yet have been issued in areas for which approval of FPS activity is anticipated at this time, the establishment of allocation control under this Order in any FPS area may have a material bearing on both the production and marketing programs of the FPS.

No. L-218 - Douglas Fir Lumber, effective 10/29/42:
(as amended to and including 11/6/42)

Principal features - restricts sale of and authorizes Director General for WPB Operations to allocate supplies or prohibit particular uses of Douglas fir lumber. Abolished preference ratings for and application of Order No. M-208 to Douglas fir lumber.

Significance in FPS Program - None in areas planned for initial FPS operations.

No. M-234 - Douglas Fir Logs, effective 9/7/42:

Principal feature - permits establishment of allocation control by Director General for WPB Operations, i.e., allocation of specific quantities of Douglas fir logs, or any part sawed therefrom, to specific persons and mills.

Significance in FPS Program - None in areas planned for initial FPS operations.

No. M-228 - Noble Fir Logs, effective 9/1/42:
and

No. M-229 - Western Hemlock (aircraft) Logs, effective 9/1/42:

Principal feature - establishes complete allocation control.

Significance in FPS Program - None in areas planned for initial FPS operations.

No. M-186 - Sitka Spruce Logs, effective 7/13/42:

Principal feature - provides allocation control for grades No. 1 and No. 2 of Sitka spruce logs.

Significance in FPS Program - None in areas planned for initial FPS operations.

Suspension Orders

No. S-136 - E.E. Anderson Lbr. Co., effective 11/10/42 to 2/10/43:

No person shall ship or deliver lumber on orders placed by the E.E. Anderson Lumber Company for delivery to it or any other person, to which orders preference ratings have been assigned or applied, except as specifically authorized by the Director General of Operations for the War Production Board.

Civil Service

All FPS employees will be under civil service appointments, except laborers in certain cases, 60 day employments, and *project employees, as explained later.

Under the present War Service Regulations the Civil Service Commission is attempting to give a real and adequate service in recruiting. It recognizes the need for speed, and the difficulties in finding qualified help.

Those recruiting men or women for civil service positions should be familiar with the civil service examination and appointment procedure, and the civil service requirements relative to each position or job classification concerned.

Authority to Employ

A specific authorization will be given each office for both Civil Service and Non-Civil Service positions.

60 Day Non-Civil Service Appointments to Classified Positions

If need be, 60 day appointments can be made without civil service approval. To the extent an office is authorized to make employments, these 60 day emergency appointments may be made, using the same simple procedure as outlined below for "Laborers". Area or Regional Offices should be advised at once by the employing officer whenever such "letter of authority" appointments are made.

Laborers

Laborers employed in cities where there is a Civil Service Regional Director or a Board of Labor Employment are selected from a list of civil service eligibles. Laborers employed in all other locations are excepted from civil service. However, they should be given the Region's standard "contract of hire" which will indicate the conditions of employment with reference to pay rate, hours, leave, holidays, overtime, etc.

*subject to approval of pending request with respect to project employees (Scaler, Grader, Tallyman, etc.) payable from the Administrative Fund.

Project Employees

The term "Project employees" is intended to mean skilled workers whose principal duties are in the forests, at saw mills, log landing points, concentration yards, etc., such as scalers, graders, tallymen, chainmen, etc. Employees stationed at regional, area or district office headquarters are not to be regarded as project employees.

Project Employees Paid from Administrative Fund: Administrative Fund project employees appointed without regard to Civil Service requirements (providing request for this exemption is approved), may be temporarily assigned to Trust Fund work for periods not exceeding 60 days

Each assignment in a twelve month period ("Service Year") is limited to 60 days, ("two calendar months") but that does not mean that an individual may not be given two or more assignments within the twelve month and 60 day limitations. However, it is essential that all such assignments be wholly legitimate. If, after an individual has completed one or more assignments, a new and unforeseen need arises it is entirely proper to select that individual for the assignment if administratively desirable. On the other hand there must be no effort to place a man in an assignment under this authority which is known to require more than 60 calendar days to complete, on the pretext that two or more assignments are involved. If their services are required on Trust Fund work in excess of this time, or if indefinite transfer is desired, appointment status must be changed to that of "Agent (Scaler)", "Agent (Grader)", "Agent (Tallyman)", etc.

Project Employees Paid From Trust Fund: Persons employed specifically to perform work payable from the Trust Fund will be appointed under Letter of Authorization (Form 676) as Agents, without regard to Civil Service, under authority of Schedule A, Subdivision 9, Section 1 (a), regardless of tenure of appointment.

The Department has given special permission for Letter of Authorization appointment of this class of employee.

The specific occupational designation, as Scaler, Grader, Tallyman, etc., will be shown in parenthesis after Agent, as "Agent (Scaler)", "Agent (Grader)", "Agent (Tallyman)", etc., on appointment notices, payrolls, and other employment papers and records.

Regular Forest Service employees may be detailed or transferred to Trust Fund work without change in appointment title to "Agent."

Selections

The details of recruiting will be handled by the Regional Personnel Division, and it in turn will use the facilities of the Civil Service Commission. But neither the Commission nor the Division can recruit without full cooperation from administration. Administrative officers must analyze and determine their needs in advance, determine qualifications required, and help in securing applicants according to the Commission's new regulations. Each Region should determine as rapidly as possible the probable number of employees it expects to need in each position to be established, the locations where needed, and the qualifications required. Qualifications will necessarily be adjusted somewhat to the available supply of candidates, since if qualifications are set too high, registers will be insufficient to meet the need. After this determination the Regional Civil Service Directors can be approached with reference to working out a recruiting program as provided in (c) Section 1, War Service Regulation IV of the Civil Service Commission. If this program involves examinations, the Regional personnel officer should offer to cooperate. Speed is essential in the initial stages of the program.

Previous to the examination the Region should survey the situation and contact every probable source of recruits. In this survey the cooperation of State Foresters, Forestry Schools, Society Chapters, local newspapers, local industrial operators and Associations, and particularly the regular field force of both Research and the National Forests should be sought. Retired employees who are physically qualified for this work or ex-employees interested in war work should be considered. Retirement annuities will of course cease during such employment.

It is desirable and the approved policy to fill important key positions by transfer from regular Forest Service positions but there will be many others for which registers should be established and maintained.

Employment of Women

Particular attention in the survey should be given to locating qualified women. All positions practicable will be filled by

women. This will include nearly all office assistant positions and many of the operating, including scalers, "talliers", and lumber graders.

Examinations

Examinations will be held at such times and places and in such manner as the needs of the Service require, according to the Commission's new regulations. That is, the Civil Service Commission will adapt its procedure to your needs, but the FPS must determine the "time", the "place" and the "manner" in advance. For particular individuals needed at once, an attempt will be made to get non-competitive exams, or temporary appointment pending examination.

Examinations are given whenever and wherever needed, competitive or non-competitive as the situation requires, with the emphasis on weeding out the unfit. Grades are usually "eligible" or "ineligible".

Qualifications

Qualifications are less restrictive than formerly. The 55 year age limit is waived. Citizenship is required; also a reputation for honesty and integrity.

Registers

The Regional Office will, as soon as possible after examinations, furnish field officers with copies of the registers. Field offices when appointments are to be made will recommend from the registers their preferred selections. The rule restricting appointments to the top of the register does not in most cases hold for war appointments. This gives each office the opportunity of selecting local men, if available.

Eligible Lists

Eligible lists are furnished and appointments are made without reference to rank. Where applicants exceed the demand, numerical ratings are given. Eligibles are listed without reference to sex.

Preferences

Preferences are granted to ex-soldiers, sailors, marines and their widows. If the soldier, sailor or marine is past 55 and not qualified for appointment the wife has a preference for appointment.

Classification

Classification is being secured in advance by the Washington Office for all key positions, in fact for all anticipated positions except labor jobs both for Washington and the field. (See C. Organization)

Probationary Appointments

For all appointments there is a trial period of six months (12 months for some). If after full and fair trial an employee is found unsatisfactory he should be recommended to the Regional Office for separation. It is very important that special supervision and inspection of each new employee be given during their trial period. Failure to weed out unsatisfactory employees during this period will endanger seriously the efficiency and successful operation of the unit concerned, and of the entire FPS program.

Promotions

"Duration employees" may be promoted in the same manner and under the same procedures as regular employees.

Removals

Removals, except for employees on trial - (probation) - are made in the regular manner, through the Regional Office Personnel Division.

Reinstatements

Reinstatements may likewise be made under regular procedure.

Transfers

Transfers within the FPS are not restricted; transfers to another agency must have the approval of the Civil Service Commission.

Retirement

Retirement deductions will be made from the pay of all appointees who hold appointments which are not limited to a temporary period (under one year).

Area and District Civil Service Procedures

The FPS offices below the Regional Office need not concern themselves with the routine of civil service procedure. They should know that the Civil Service Commission has adopted simplified methods for the duration and is giving every possible cooperation; that all appointments are for the duration and six months; that the 55 year age limit has been removed; that no one is given permanent civil service rights; that there are two funds from which employees are paid, an "administrative" fund, and a "trust" fund but that employees are recruited in the same manner through civil service for each unless exemption from this requirement is obtained and all offices so advised.



(The Secretary's "Employee Training Policy" published in 1939, and the Forest Service policy and methods included in the "Employee Training Program" are applicable and will be followed in the Forest Products Service.)

The FPS is being organized for an exacting production, marketing and banking job involving many technical products, each requiring special knowledge and special skills. This applies to both skilled technicians and skilled labor. It is doing this at a time when there is by far the greatest shortage of manpower in the history of our country, and yet the job is so necessary that, in spite of all difficulties, it must be done.

Training FPS Personnel

While many key positions in FPS will be filled by experienced Forest officers, yet many of the duties will be new to them, hence they, like the others, will be lacking in full knowledge and skill. For these reasons, the FPS will be faced with an important training job - with a "must" training job.

Responsibility for this training is administrative and is delegated definitely to the man in charge at each of the four administrative levels. They in turn will delegate responsibility to each supervisor and inspector until each man responsible for the work of others will also be responsible for their training. Work responsibility should not be delegated until the workers training has been tested by the supervisor and he has assured himself that the worker knows how to do the job. Once the worker knows, requirements for standard work will be exacting.

The chief reliance in training will be on on-the-job training in connection with supervision and inspection. For this reason a discussion of these functions is included later. Supervision and training are so closely related that no attempt is made here to separate one from the other. A good supervisor trains his men to do each job to standard and then requires standard work. That is, training is not something apart, but is one of the tools a good supervisor uses. A poor supervisor sometimes tries to force untrained employees to do more than they know. In addition to failure this lowers morale, and disrupts the flow of work.

The supervisor will use the method best adapted to the work situation. For manual jobs this is usually some adaptation of the "4-step" method in which particular emphasis is given to "key

points" as taught in Industry's J.I.T. program (see reference at end of section). The 4-step method is essentially just the formalization of the natural method of copying or doing what one sees some one else do -- the trainee copies the method shown him by the trainer. To do a good job of showing, the trainer (supervisor) must have analyzed motions or separate actions each in itself and the reasons for it. Experts frequently befuddle trainees instead of helping them because the expert, while he can do the job, cannot show and tell understandingly because he doesn't know just how he does it. Take log scaling or lumber grading for example: If a log scaler cannot show just how he allows for defect, do not let him supervise scalers no matter how expert he is. This applies to all "experts" in all lines, and it is the responsibility of the administrative officer in charge to see that experts who do inspection work know how to present their work to laymen.

Some points to keep in mind in job training are: If the job is new, relate it or help the trainee to relate it to something he already knows. We can add new knowledge to old but we cannot learn anything entirely new. Show wherein it is like and then what is new. In showing, first do the job in the normal manner, then show it step by step, emphasize key points; be sure the trainee sees you do it from the same position he will see it when doing it himself, point out little "tricks" or skills that help either in doing or remembering; emphasize position of hands, or body if important. In doing the job, see that he does it right, holds tools right, gets hands and feet in right position, etc., even if it does seem awkward to him at first. If there are many points to learn, do not try to teach all at once; group points and teach 2 or 3 at a time. Remember that the trainee must develop a work habit before he can acquire speed. To insure a right habit come back to him several times if possible during the formative period. After the correct habit is formed the job will be done correctly and the trainee can be depended upon to do standard work.

If the job is mental instead of manual other methods must be used. You cannot show one how to judge or think or decide. One can, however, teach an orderly technique for doing such jobs. One of the best methods for teaching thinking is to create or simulate a thinking situation. Another is to ask questions which will force the trainee to look at the problem from all points of view. Still another method is to use illustrative cases (parables). The training conference method is also used. Sometimes all these methods are combined. For further details see the Forest Service Training Program.

Next in importance as a training device are instruction

handbooks and manuals which give not only instructions for doing jobs but also job standards and requirements. For many jobs no other instruction is needed. An additional use of written instructions is as a reminder and as a jog to memory. One forgets how to do the job, but on reading the instructions it all comes back to him. Refer to and tie in the instruction to the written instruction. Each one helps to remember the other.

Even though the chief reliance will be on supervisory training there will be a place for considerable group training, particularly in the beginning in getting the work under way. When the program is first approved and quotas set, one or more of the Washington Office Staff will visit each Region and will hold a series of conferences on the plan, the quota, and approved methods of carrying it out. Sufficient time will be taken to accomplish the objective.

The Regional Office Staff will hold similar conferences with the area foresters, discuss area plans, area quotas, and methods to be used in the area. Each time plans or quotas are materially changed, this conference procedure will be repeated.

In addition there are areas in which training material must be collected and group training plans made. Mostly these need not be dignified by calling them "courses", but the instructional material must be provided and a method for presenting it agreed upon. In the preparation of such "courses" or training areas, the administrative officer will be responsible for the content of the course and the Regional training officer for method. The administrative officer will fix an objective, he will say what he wants taught, and will help analyze for key points and best ways of doing. The training officer will say how this training content can best be taught and will help in planning. Ordinarily the administrative officer will do the teaching.

The areas in which it is believed plans should be made are as follows, although there may be some variation between Regions. If there is but little work of a kind within a Region it will be taught individually, usually on the job; if there is considerable work and a number of men doing it, usually it will be taught first in groups and later by the supervisor or inspector on the job.

Planned training (courses) will be provided in the following field:

1. Principles of Work Simplification. The need for some systematic training in this field depends primarily on the need for

help by the industries with which FPS will deal. Mills will be, in fact are being, forced to operate with fewer men. Simplified methods will help them to do this effectively. Each FPS field-going inspector will need this training.

2. Key Points in Small Sawmill Operation. Each employee contacting mills should know key points in their construction (1) so that he can talk to the operator on equal terms and (2) so that, if the mill is not operating effectively, he can get some idea as to why, and take intelligent action.

3. Logs, Log Grading and Scaling. Not only should all men doing the scaling be taught a uniform method, but also the supervisors and inspectors should know and use the same method.

4. Veneer Stock. What it is, how to recognize it, its uses, etc. This training should be given to all working in areas where veneer stock is important.

5. Lumber. Species, grades, grading, sawing specifications, inspecting for efficiency of manufacture, etc.

6. Forms and Records including accounting, office methods and office organization. All employees should have some training to become familiar with these things, with special training for those who will do the work.

7. Public Relations. All employees should be taught the general policy, and purpose, with special training in methods and techniques for all "contact" personnel.

8. Drying - air drying, kiln drying, etc., as needed.

9. Special Products - cooperage, fire wood, pulpwood, etc., as needed.

10. Area Selecting and Leasing. Areas for yards, log landings, mill sites, etc. What points to check on for each, etc.

11. Work Planning. The FPS will require careful work planning at all levels. Standardized and coordinated plans will require standards and training in those standards. At the District level group training should be helpful.

Initial Training.

Since field men must work without direct supervision, particular attention must be given to orientation and initial training. Particular attention should be given to the induction

interview; to providing the employee with information about the organization, its objectives, and in introducing him and helping him to adjust himself to his fellow employees; to providing the right initial information about his work.

Remember in the initial interview that the employee is trying just as hard to "size up" the interviewer as the interviewer is to learn about the employee. The interviewer will plan the interview in advance, basing its general trend on what is already known about the employee's background. The objective is to establish a friendly and cooperative relationship rather than merely to give and get information.

In providing the new employee with information about the organization the first step should if possible be by an officer of importance, officially, in the organization; this first step should be followed by additional information from his supervisor, and the final step in furnishing details, by a fellow worker. This final step will take place whether planned or not, but it will be done more satisfactory if planned and definitely assigned.

Informing the employee about his work, training him, is the duty of his immediate superior and should be avoided by interviewers and others not responsible. It can in part be delegated to a fellow worker but the responsibility still remains with the supervisor. In inducting and training a new employee do not try to teach him everything at first. Give him some simple task at first and let him begin to feel at home before teaching the more difficult phases of the job.

Where men are transferred from one unit to another, the same general orientation will be given as for new employees, only for these it can be greatly simplified and abbreviated. It is essential, however, that no important step be overlooked and that the end result of understanding and interest is achieved.

As said above, the FPS will depend primarily on its supervisors and inspectors for training its employees, and for that reason special consideration is given to these two functions, and their relation to training. Some of the material included may be of value in the preparation of training plans. Being included here, it should be used only as training material and no part of it as operating instructions.

Area and District Training Plans.

These are outlined in the sample "Job Analyses" for these positions. (See Section C)

Training Workers For Industry (See "Training" in Section D)

While the In-Service training of all employees from top administrative levels down to the simplest clerical jobs, will be a continuing job of high priority, it is probable that assistance to the industries with which business is done in the training of their labor will be more time consuming and more exacting. Mills in addition to having a market must have labor, and because of shortages, must operate with a lower quality and with inexperienced labor.

Labor must be found and trained. The industry, particularly the smaller operators, have no training plans or training experience. Old unplanned methods are too slow. FPS employees will assist operators, and train them in training methods.

But training to do the job in the old way is not enough. Many jobs can be simplified. New employees will learn the new and simpler methods more readily than the old, and thus shorten the training period. With better training and simpler more direct methods, the lower type of labor can produce equal to the old. For these reasons, it will be necessary for all field going, in fact, for all employees to learn something of the principles of work simplification. Leadership in this field will be furnished by the Regional Office.

INSPECTION (SUPERVISION)

In the Forest Service "inspection" is a broad general term which includes supervision, training on job, counseling, some planning, sometimes studies, and inspection in its narrow meaning of comparing things done with standards. In fact inspection is almost synonymous with field time. In the FPS this broad gauge definition will be retained but more emphasis will be placed on supervision. All field going men must be good supervisors, and their supervisory work will be checked. This applies at all administrative levels. The big all-important feature of "inspection" will be supervision. Success depends largely on the skill developed in this field. Inspection looks back at what has been done; supervision looks ahead to what will be done. FPS is a forward-looking organization.

Management's function is to get the work done, but management at the work level is supervision. An executive directs the work from a central point; the supervisor directs it on the job. So when the executive, as an inspector, goes to the field he gets his opportunity to direct the work on the job, that is to supervise, and it is the only way in which the work in a decentralized field organization gets supervision. Work in the

FPS will need a lot of supervision - in the beginning.

What does a supervisor do? Dr. Hall in his pamphlet "Guides to Employee Supervision" lists 56 distinct and separate items of importance. But since no one can remember 56 things, they have been grouped into three - anybody can remember three. The three are (1) work skills, that is how to do the job, all phases of it. (2) Instruction, the supervisor must know how to teach, instruct, train. One of his biggest jobs is to create better workmen, no matter what the job or at what level. (3) The third is relationships. He must know relationships; his relation to his men, to the men above him, and the relationships between his men and between the men above him. This means that he must know his organization and how it functions - the formal organization that is charted, and also the informal relationships and mores that never are.

No. 1, knowing the job, covers all phases of the job in detail, including equipment, facilities of all kinds and men. It is best if the Supervisor has the skill to do well all the things the men under him do, but this is not necessary, sometimes not possible. It is possible and is necessary that he know and that he appreciates how the job looks from the workers viewpoint. Knowing facilities and their best use and care is quite generally recognized.

Knowing men is difficult. Most of the material written about them has not been written from the viewpoint of practical application. Yet there are a few basic ideas that have been emphasized, that serve well as guides. For example "fairness": It appeals to everyone. We all want to be fair and we all want to be treated fairly. The difficulty comes from the fact that things look different from different points of view. The supervisor-inspector must learn to ask himself "Does this look fair from the inspectees viewpoint?"

Also men universally like to do a good job, they like to "accomplish" and they like to stand well in the eyes of those with whom they work or live. The last is extremely important. Hence most writers say not to criticize a man before others. But why criticize him at all? Mr. Silcox used to say "Try to give the other fellow an out". He knew the value of this from experience. That made him an expert negotiator. Criticize a man and you put him on the defensive; he alibis and rationalizes, and you lose valuable time. Criticize work, not men. In considering work, look at it impersonally. Get others to do so; get the man to compare his own work with the standard. This approach develops cooperation, not antagonism. The FPS inspectors will criticize results if necessary, but not the man.

The successful supervisor-inspector corrects poor work at its source and removes the cause. Knowing that the man wants to do good work, he asks himself why did he do this poorly? Does he know? Does he lack skill? Is it old habits? Is it poor planning? Just what is the reason? Only after the cause is found can permanent correction be made.

The list of things done by an inspector includes training and planning. These could be discussed separately but since both are a part of the duties of a supervisor they are included here. The supervisor alone is responsible for training his men. The supervisor is more a "coach" than a teacher. He not only sees to it that they know how, he drills them until they have the necessary skill and have acquired right work habits. Likewise he plans his own work and helps them to plan theirs.

But any good supervisor, supervises only the men working directly under him. The inspector naturally will come in contact with field men working under and supervised by others. In such cases he becomes not a supervisor but a consultant. In the field of management there are many professional consultants, experts in a field, who are consulted by industry with reference to management problems. They go into the plant, and give its officers the benefit of their broad training and experience but they do not take over the line functions of any officer. The inspector in the field bears this same relationship to all other than his own men; he gives no orders, but he helps them in every other way. He helps them to understand forms, plans, instructions; he knows what is wanted and why; he helps them to analyze, observe, understand and plan. He does not do these things for them, but he gets their point of view and gives them his. He asks them questions and he answers theirs. He gets their size-up of him by the number they ask. In industry a good consultant is normally paid more than a good executive. The FPS expects proficiency in both fields.

Inspection proper or "fact finding" is not of least importance because discussed last. A responsible executive must know what is going on. The FPS will depend primarily on systematic current reports, but reports must be checked and correlated. Are instructions understood? Are they interpreted as intended? Are field men planning? Are they making best possible use of each employee? Are employees enthusiastic about their jobs and the program? Are the operators interested in the program? Any local community pride in evidence in sawmill communities?

These are a few of the questions the inspector asks himself. He has the answers from reports, but he wants a cross-section check that will help in their understanding and interpretation. Then too, as a supervisor he must know the situation.

As an inspector he looks into the past. The past is past, but the future goes on from here, and, to best plan the future, you must know and understand the "here" and "now".

Inspection is a necessary part of a "control" system, should be so thought of, and should definitely be correlated with other control features. For best coordination, a check list or outline, is needed with special items or questions added for each specific trip.

While inspection is called fact-finding, it should find more than facts - physical facts. The inspector should, in addition, definitely be on the lookout for "symptoms", "trends", and "indicators". Most things that go bad give off definite warning signals in advance. The engine knocks before it stops. The inspector who sees nothing until it happens is of relatively little value. It is the man who can read signals that helps most. He avoids difficulties and prevents crashes. Such "fact finding" is difficult and must be handled with care, with care as to what is reported as well as what is done, but at the same time danger "symptoms" must be followed up.

Trends may be good or bad, and likewise indicators. Both kinds are important. Indicators are little things, little slips sometimes, that show "which way the wind is blowing". Each inspector should accumulate from experience a list of helpful indicators. Where men are concerned the intangibles mean more than the cold hard physical facts.

Most of the value of the so-called inspection is in what is done in the field. Still the report should not be neglected. It is of great value as a reminder of agreed upon actions, for the indispensable follow-up and for other purposes. The fact finding features will be reported on in check list or other tabular form. Such a report saves time in both preparation and in use. A narrative report while better expressing shades of meaning, is extremely difficult to correlate with other records. However, following the form report there should be a brief interpretation of the statistics, and a statement of trends, indicators and recommendations unless the form report is clear cut and self-explanatory in these respects.

Of equal importance will be the report on supervision. In the factual section, the inspector reports on the work of others, but it is equally important that he report on his own work as a supervisor and as a consultant. As a supervisor what did he do? Did he follow the techniques of good supervision? As a consultant did men ask him questions and bring their problems to him? Do they seek better ways and more information or are they satisfied with themselves and things as they are?

Also there should be a brief report on the quality of the supervisory work of the men at the next lower supervisory level. Do they use skill in training on the job or do they tell and order and appeal to fear instinct? Do they inspire men to find better ways? Could you see results of previous supervisory contacts? What did you notice that indicated good cooperation? Did you notice signs of underground cross currents? Staff men doing inspection work will have no supervisory work to report. They will give additional emphasis to their function as consultants. Particular emphasis should be given to new devices and methods. What suggestions for betterment were made by field men and how were they handled.

Each inspector on each inspection will have a definite objective which may be limited in so far as seeking information is concerned, but in his consulting function there will be no limitation. Any employee may consult him at any time about anything. Nothing will be passed up because it is out of his line. If he does not know the answer he will say so and promise to get it, if possible. Inspectors are out to help do the total job and will help in any and every way they can.

Training in inspection involves two factors: (1) Training in base material and background. This can, much of it, best be given in groups. In fact, all informational training is training needed by the inspector. The more he knows about the organization and all phases of its operations the better. This group training should include at least one conference on the techniques of supervision and one on consulting.

(2) The second phase of training an inspector, the most important phase, is training on the job. As in other on-the-job training it will depend largely on the 4-step method, that is on the principles of the method but with the method highly deformed. Also there will be a lot of careful planning and analysis of results. The Socratic, or question, method of bringing out new angles and points of view will always be used. It is almost as necessary as the 4-step idea. In the FPS poor inspection (including supervision and all other phases) cannot be tolerated, and the immediate superior of the man doing the poor work will be held responsible, not the man doing it.

References - Training

The following reference material will be found in all Regional libraries or files. It is not an exhaustive reference list but rather a near minimum. Each Regional training officer may want to add to it. Publications containing base material needed in technical training plans are not included.

1. "Employee Training Policy" - Published by the Dept., April 1939
2. "Employee Training Program" - Published by Forest Service,
June 1940
3. "How to Start a Training Program" - Published by the Department,
July 1939.
4. "Job Load Analysis and Planning" - Published by Forest Service
in 1932.
5. "The Guard Training Handbook" - For 4-step method.
6. "Training Procedure - by Frank Cushman. For conference methods.
7. "Training Within Industry" - Office of Production Management,
War Production Board - bulletins,
with particular reference to
Bulletin #5 - "Training Aids".



(See also "Labor" in Section D)

Men, who are available and physically qualified to meet the needs of the woods and mill operations, will probably be the dominant factor; even possibly the controlling factor in the success of FPS. Manpower perhaps will be even more vital to the success of the Program, than sawmills, logs, rubber, equipment or repair parts. Men have left and still are leaving the farms and forests to enter the armed services, the war industries, or for other fields of endeavor which offer them a more direct opportunity to help in the war effort, or for higher pay. One of the first duties of FPS is to study the local manpower situation. How much is still available on a full time or part time basis? What type or quality is it? How can replacements be found to take the place of those that have already gone?

Since the production of lumber and other wood products is necessary to the war program, labor will be provided; but before we appeal to allocation authorities, we must know what the situation is and that every other possible means of substituting for and obtaining the needed labor have been exhausted.

Local Sources of Labor

Many things can be done locally. New labor and less desirable types of labor can be trained; new and better labor-saving methods can be introduced; mechanical devices can be installed to replace hand labor; mill or woods work can be integrated with agriculture or other seasonal jobs, or any one of many other plans or devices which the local situation may suggest.

This examination of the local labor situation, however, must be thorough and systematic, not cursory. It should cover in a general way every person of work age in the district and should consider such items as the following: (a) First contact all the customary labor sources used in the past. (b) Also inquire into possible sources not formerly considered such as unemployed women, employed women such as clerks who may be diverted, old men and cripples that may be retrained, boys over 16 who have not yet been employed, and others. (c) Other seasonal industries within the area whose employees, through cooperation, might be used part time in mills or woods; itinerant labor such as apple-pickers which may be held for a time if forest or mill work is made attractive, and others of this nature. (d) Improved equipment, new labor saving devices, or new work methods or arrangements that will save labor or make it possible to operate with

fewer laborers. (e) Better training and up-grading of such labor as is available and quick training methods for new. (f) Better working and living conditions to induce labor to remain, and make local jobs more attractive to outsiders. (g) Possible use of short shifts, say one in morning and one in afternoon; for women housewives or others employed part time elsewhere. The foregoing are only suggestive, many types of situations will be found and some method can usually be found for meeting each.

Regional Labor Sources

After all these methods have been exhausted, if there is still a labor shortage, or to put it the other way, if there is still a marked opportunity for increased labor to further the interests of the program, it should be reported to the Regional Office. The Regional Director will cause the subject to be studied on a Regional basis. He will contact regional representatives of the U.S.E.S., State labor officials, Union Labor officials, and in fact any or all organizations that may be a help in moving or redirecting labor into industries or communities where it is most needed.

National Labor Sources

In the Washington Office, the Administrator, through proper officials and channels, will keep in touch with the U. S. Employment Service, the Farm Security Administration, the Labor Relations Board, the Federal Security Agency, Union officials, The War Relocation Board, Immigration officials, and any Labor Allocation Boards that may be established. If the need is great, and after all possible local means have been exhausted, some means will have to be found to divert the necessary labor into the localities in greatest need. Lumber and other forest products are a necessity; the job is imperative; a way must and will be found.

The United States Employment Service has extended their registrations of under-employed people to include the rural areas, and are prepared to furnish an over-all employment service.

When it is determined that additional labor is needed in a particular area, a requisition should be prepared and furnished the United States Employment Service. This request should cover the number needed, qualifications, location, employment conditions, and other pertinent information so the United States Employment Service can have the fullest possible information for all obvious reasons.

The Farm Security Administration will inform their Regional Directors concerning the Forest Products Program, with a request that the facilities of that Bureau be made available to this program. This is the designated agency in the Department of Agriculture to transport employees into new areas.

It is imperative that the closest cooperative working relationship be established and maintained by the Forest Service with both the United States Employment Service, as a source of labor supply, and the Farm Security Administration as the official designated Bureau in the Department of Agriculture charged with the responsibility to furnish certain services and facilities when farm labor is involved.

Labor Policy

It is the policy of the FPS to conform strictly to all applicable Federal and State labor laws and regulations, and to require like conformance by operators and borrowers (including their contractors and subcontractors) in connection with logging, milling and processing operations conducted by them pursuant to a purchase or loan agreement with the FPS. To insure an understanding of this policy by the operator and to facilitate its enforcement, each contract will include a clause saying that the contractor will "comply with all applicable Federal and State labor laws and regulations". Although it may not always be possible to determine whether an operator or borrower is meeting this requirement, it nonetheless will be made a condition of the purchase or loan agreement. Officers and employees of the FPS shall report to the appropriate authorities any violation of such laws and regulations if persisted in after the matter is brought to the attention of the violator. While the FPS is not responsible for enforcing such labor laws and regulations it should regard any such violation as a breach of the purchase or loan agreement and take appropriate action if the operator or borrower fails after warning to comply with his contractual obligations respecting labor.

FPS Labor Employees

To the extent the FPS finds it necessary to employ labor, either common labor or mechanics, the instructions issued by the Secretary of Agriculture will govern. See PERSONNEL Circular 108, Revision 1, January 20, 1942 and the Forest Service Manual, GA-E4-9. These instructions conform to the so-called "Eight Hour Law", which prohibits work in excess of eight hours in any one day for laborers and mechanics working for the United States. Overtime can be required or permitted only in cases of extraordinary

emergency and all over-time work must be reported to the Washington office. Extra compensation for over-time cannot be allowed even in emergency cases.

The FPS will pay laborers and mechanics the going wage in the community where they are employed, but not less than any minimum wage established under the provisions of The Wages and Hours Act. If there is no "going wage" established, a fair wage will be determined by classification methods.

Hours of Work

The contract of hire will specify hours of work, leave and holiday privileges, overtime requirements, privileges and responsibilities as explained in detail in Section X, with sample form in Appendix. All employees, including laborers and mechanics, will be required to work eight hours a day and 48 hours a week. If questions arise regarding hours of work or compensation with reference to labor, forward such questions to the Regional Office. It is always best to get an authoritative answer at once.

Labor Laws - Federal (See also "Labor Policy")

The following Federal laws will ordinarily apply to lumber operators and borrowers in connection with operations conducted by them pursuant to FPS purchase and loan agreements:

Social Security Act
National Labor Relations Act
Fair Labor Standards Act (Wages and Hours)

The Social Security Act provides for the registration of industrial workers for old age benefits and through State action for unemployment compensation. It does not apply to Government employees, including those paid from the Trust Fund, which is comprised entirely of the operator's money; neither does it apply to farm labor.

The National Labor Relations Act affirms the right of employees to full freedom in self-organization and in the designation of representatives of their own choosing for the purpose of collective bargaining. The Act does not apply to any FPS employee or to farm labor.

Under the Fair Labor Standards Act (Wages and Hours Act) employers engaged in interstate commerce or producing goods for interstate commerce must conform to a maximum work week of not more than 40 hours, and must pay a minimum wage of not less than 30 cents an hour. However, industry committees representing employers, labor, and the public may recommend a higher minimum rate, provided such rate does not exceed 40 cents an hour. This Act is administered by the Wage and Hour Division of the Department of Labor, and does (legally) not apply to labor employed directly by the FPS. However, FPS will of course pay its employees at least the minimum so specified.

The so-called "Eight Hour Law" does not apply to operations conducted by operators and borrowers in carrying out their FPS purchase and loan agreements. As stated above, however, the more comprehensive Wages and Hours Act does apply to such operations.

An adequate public understanding of the purposes and the importance of the FPS program is essential to the accomplishment of both its major and minor objectives. All interested persons should understand that the FPS program is a definite part of the Nation's war effort.

It is established with the recommendations of WPB and the Secretary of Agriculture, and has been approved by the President. It is to supply wood products urgently needed for war and essential civilian use which existing operations are not producing. Its failure in whole or in part will hinder or deter the successful prosecution of the war. Its degree of success will depend largely on the cooperation it receives from all forest land owners and operators able to augment the production of needed products. The degree of increased production by the individual land owner and increased output by mills is apt to reflect and be dependent to a major degree on the proper conduct of public relations on the part of the FPS representative in a given unit area - equally or even more so than the exact amount of timber or labor available, essential as these obviously are.

Lumber is now in the class with steel, rubber and aluminum as a scarce essential war material. The public is therefore interested in what is being done to make up deficiencies, so that approval of the program will be a matter of national interest. First announcement of the program will be made by the Washington office.

When the program is activated within a Region and the regional quota set, the Region also will make public announcement of this for all cities and local communities within the Region. When the Areas and Districts are formed, the quotas, the location of offices, and the assignment of personnel should be made public within the units. As each local district is organized or office opened public announcement should be made.

The first contract approved within a unit will be news of public interest and should be announced through the local press. Patriotic motives should be emphasized. Show that a contractor is increasing the supply of an essential war material. The supplying of our forest product requirements is a critical factor in our war effort, but it is often difficult for a community to recognize that its local mill is an essential war industry, just as are guns and tanks. Working in the mill is aligning one's self with an auxiliary unit necessary to the

operations of the armed forces. Information given to the public, however, should present a true picture, without emotional exaggeration or hysteria.

To encourage expanded production, each Region should consider the use that can be made of flags[#] or emblems as indicators of success or progress in fulfilling contracts or meeting quotas. For example, an operator could be issued a pennant when he signs a contract and an FPS certificate indicating that he is up to his quota. But a neighboring mill might be doing just as well without assistance from FPS. It is just as deserving of public approval, and nothing should be done to injure the morale of such operators or their employees.

The FPS is strictly a War unit, as much so as the forestry regiments of the last war, and engaged in similar work. It is doing a necessary job in a vital field, and its co-operators, particularly workers who do outstanding jobs, deserve recognition of some kind; at least the public should be informed. This refers to workers in the industry, not in FPS. Likewise, the work is for the public and the public is entitled to information on its progress.

FPS representatives will attempt to meet this obligation to inform the public through statements for the press, the radio, public talks, posters, etc., and will endeavor to develop public understanding of the work that will help to further the objectives of the program and help the industry with which it deals.

All general policies of the I&E section of the Forest Service Manual will apply in the FPS. Censorship rules and other wartime regulations of the Office of War Information must be observed.

The I&E organization of the Forest Service will be responsible for general information on the FPS program. It will consult with the Division of Campaigns of the Office of War Information if and as needed. FPS officials however will handle direct contacts and relations with forest products industries, trade associations, and interested public officials and private citizens relating to FPS activities. The officer in charge at each organization level will be responsible for establishing contacts and maintaining relationships at that level. Four levels of administration (Washington, Region, Area and District) are recognized. The Washington Office will maintain relationships with federal organizations in Washington such as WPB, OPA,

[#]Cost of such emblems may not be paid from Government funds

the Army, the Navy and others, and with national organizations.

The Region will establish contacts with producers or wholesalers operating on a regional basis, with regional or State Associations and principal State officials, and will provide information for the press on Regional programs.

The Areas and the Districts will contact directly each producing organization (mill, logger, cordwood operator, etc.) and each distributing business such as concentration yards, wholesale dealers, or local buyers for large and distant dealers, and will furnish information for the local press.

This contact and relations work must be planned at each level. The type of plan will be left to the Region. The Area Forester should make as many as possible of the initial contacts, selecting according to importance. Other contacts should be definitely assigned to individuals. Every individual who has to make contacts should read at least the first 2 pages of the I&E section of the Forest Service Manual.

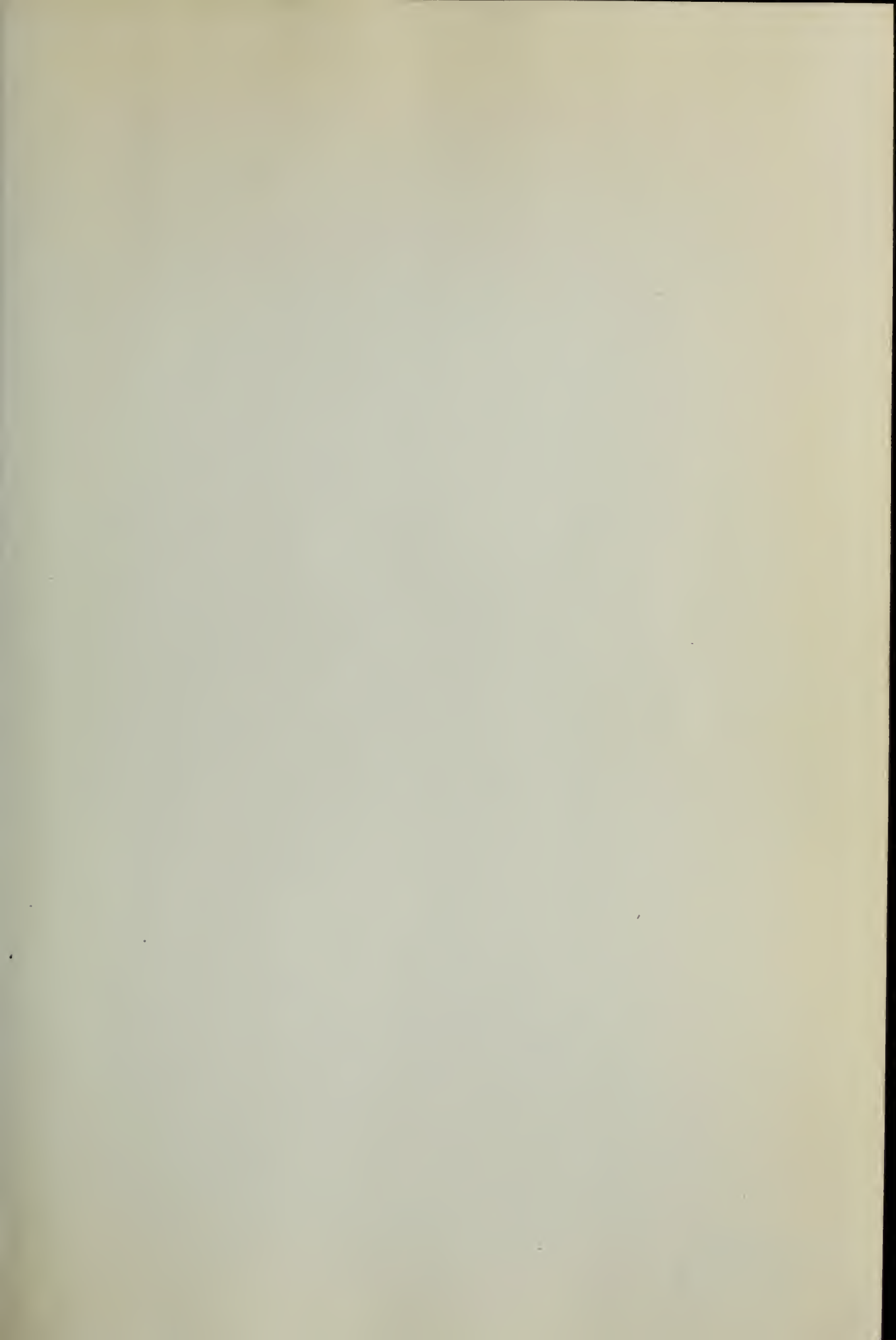
Also there will be prepared by the Washington Office, or by each Region if needed, a brief pamphlet of information to put in hands of each mill owner or operator when first contacted. This should state briefly the purpose and organization of FPS and emphasize the national situation and the nation's need.

Printed material for distribution to other interested groups will be prepared by each Region as soon as possible, containing useful information for related but not participating groups.

A classified card record should be established and maintained in each Area, for every dealer, present and potential cooperators, and other individuals and agencies, giving key information and relationships. The cards will be started on basis of first contact report and will be maintained by adding additional information as it develops.

Periodic progress reports, including pertinent facts and suitable comment, will be prepared by the Regions for the press, and if desired, for participating industrial operators.

Maintenance of proper public relations is a part of administration and the direct responsibility of administrative officers. It should be so closely integrated with administration that it is impossible to say where one leaves off and the other begins. It is set apart here merely for emphasis.



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Note: This sheet to be inserted in front of section W. Pages of section W-1 previously distributed should be renumbered W1-1, W1-2, W1-3, etc.

Location

The Inventory Record will be maintained by the Finance and Banking Division of the Regional Office.

Form of Record

Where volume of business warrants and the necessary equipment can be secured, the punch card system will be used in maintaining the Inventory Record. Otherwise, the record will be kept on Form FPS-19 (5" x 8" cards, white substance #48, G.P.O. #0261), filed with guides as follows:

Area

Commodity (Lumber, Logs, etc.)

Site

Species

Grade (or group of grades)

Dimensions (or similar description).

In instances where direct purchases and sales are made, i. e., the material does not pass through established sites and hence does not affect the inventory, the record will be maintained for only the first four above break-downs, except that, in lieu of grouping the record cards by sites, they will be filed under the heading Direct Purchases and Sales and this should be stamped or noted on the cards used for these transactions. Information on such transactions is needed for the purpose of furnishing data required for the Cost-Value Report (Sec. R).

The nature of the commodity will have a bearing on degree of refinement of the Inventory Record; for example, in the case of logs the dimension would ordinarily be omitted and as a result there would be a card for No. 1 logs, one for No. 2 logs, etc., for each species on a particular site behind an over-all guide for the commodity, Logs.

The extent of the breakdown in the Inventory Record would depend on the degree of segregation of material at the site and this in turn would depend, in large part, on the form in which the products are purchased and possible later segregated for sale. It is important that the breakdown of the Inventory Record conform closely with the actual segregation of the material at the site, so that the records reflect, by

appropriate description for sale purposes, the amount of material available for sale, the kinds of products purchased and the kinds of products sold. This is also necessary correlation with periodic physical inventories.

Entries and Posting Media

For sample card, see Inventory Record, Form FPS-19 (Sec. Y). This form will be used not only to record transactions involving the inventory proper but also for recording Direct Purchases and Sales not affecting the inventory but needed for supplementing it with information as to such transactions which must be included in the monthly Cost-Value Report (Sec. R).

All posting to the inventory records will be from the documents which support payment vouchers, journal vouchers and collection statements. The kind of transactions involved in keeping the inventory records and the posting media are as follows:

<u>Transactions</u>	<u>Posting Media</u>
Purchase of logs	Log Receiving Summary
Sale of logs	Delivery Order
Conversion of logs to lumber (2 accounting transactions)	(Transfer Order (Lumber Receiving Summary
Transfer of logs from one site to another	Transfer Order
Purchase of lumber	Lumber Receiving Summary
Sale of lumber	Delivery Order
Transfer of lumber from one site to another	Transfer Order
Conversion of rough lumber to finished	(Transfer Order (Lumber Receiving
Sale of finished lumber (And similar transactions for other products)	Summary Delivery Order

Copies of the posting media will be filed by sites for checking purposes, except in the case of Direct Purchases and Sales, which will be filed under that heading by Areas or Districts as found most useful. Before filing each document should bear a notation showing that it has been posted. Transactions involving the issuance of a delivery order or transfer order as in the case of a sale or transfer of a commodity from one site to another will be posted at once

without waiting for completion of the action. Correction of entries, if necessary, will be made when sale or other papers are received. The success of the inventory record will depend largely on working out a prompt flow of the posting media to the Inventory Section from the various sources where they originate. In organizing the posting, it will be necessary to assign work loads to employees by sites or perhaps commodities, as experience dictates is the most advantageous.

In posting transfer orders during the month, the average unit price (cost divided by volume) shown by the record for the item affected will be used.

Accuracy and Promptness in Reporting and Recording.

The Inventory Record is indispensable in a production and marketing program. Its value depends on accuracy and promptness in reporting and recording.

The basic reports for making payments and securing collections--load tickets and lumber tallies as provided for in Sec. X--are also the basic reports for the Inventory Record. District personnel who prepare these original records should appreciate the significance of accuracy and promptness in the preparation and submission of these documents. Likewise Area Office clerical personnel responsible for making the extensions and additions, and preparing vouchers should be impressed with the several purposes which these reports and records serve. In the Regional Office the work should be so organized that all such transactions will be reported with immediate dispatch to the Inventory Section of the Division of Finance and Banking and recorded within 24 hours after receipt in that Section. The bearing which such accuracy and promptness in reporting and recording have in management is reflected in the use of the inventory in determining the financial status of the enterprise, and in production and marketing. The inventory is an important item in determining the assets of the business and in determining to what degree the business is "making good" on its purchases and sales. A simple example illustrates the latter:

Inventory at beginning of accounting period,	\$10,000
Add Purchases during period,	<u>100,000</u>
Total,	110,000
Less Inventory at end of period,	<u>50,000</u>
Cost of commodities sold during period,	60,000
Value of sales during period,	<u>60,000</u>
No profit or loss (broke even)	0

However, if the inventory was not kept accurately and up to date and if the true figure for Inventory at end of period was only \$35,000 instead of \$50,000, then the cost of the commodities that were sold for \$60,000 was actually \$75,000 (\$110,000 - \$35,000) and there was a loss of \$15,000 instead of "breaking even". The management was misled and as result may have failed to take needed action.

Preparation of Reports from Inventory Data

(1) Inventory Value for Monthly Financial Statements

In the evaluation of inventories in lumber industries, good business management and accounting practice require recognition of the rule of cost or market, whichever is the lower, in evaluating inventories for current determination of financial status. Unless there is known to have been an appreciable decline in market value of stocks of logs, lumber, and other commodities from the original cost price, it will be the policy to base the valuation of the inventory at the end of accounting periods on the contract or purchase cost of commodities at storage sites. Any change in the cost price of inventory items because of decline in market value below cost price will be reflected in the inventory report but no change will be made on the Inventory Record. This procedure should not be confused with the requirement of pricing the inventory on the basis of market or selling price for use in the Cost-Value Report (Sec. R) in which the financial status of the enterprise is determined on an over-all longtime basis rather than at the end of any particular accounting period. For current financial statement purposes there will be included in the inventory records, (1) purchase contract price, including the "hold-back" fee, if any, and (2) the contract cost of sawing, hauling, etc, paid from Operating Capital Funds in the case of material processed by FPS, which items will be charged currently to the cost price of the particular materials processed. For instance, if logs to be processed cost, according to the inventory, \$20 per M feet and sawing costs \$10 per M feet, the lumber when picked up in the inventory will show a cost of \$30 per M feet. None of the indirect operating expenses paid from Operating Capital Funds which are properly chargeable to Account No. 33, Rent and Miscellaneous Operating Expense, will be included as a cost in the Inventory Record, these being treated as overhead expense rather than as a cost of purchases.

A summary of the inventory records will be prepared for the Accounting Section of the Division of Finance and Banking by not later than the 5th of each month for use in the financial statements. This summary will show volume and value by commodities on hand at the end of the month for the Region or by Areas, if financial

statements are needed by Areas. The figures may be assembled from the report to be prepared about the same time for Production and Marketing described in paragraph (3) below.

(2) Inventory Value for Cost-Value Report

The Monthly Cumulative Cost-Value Report (Sec. R) will be prepared in the Regional Office by the Division of Finance and Banking in cooperation with the Marketing Division in time to be forwarded to and arrive in the Washington Office by the 10th of each month. It is to be prepared for the Region as a whole by commodities and species and on a cumulative basis.

The data for column 3 of the report, Primary Cost Plus 3% interest will be secured from the accounting and inventory records as follows:

From the Inventory Record cards, including the Direct Purchases and Sales cards, tabulate on a work sheet the total cost of purchases to date, by commodities and species. (Volume may also be tabulated, if desired locally for analysis purposes but is not to be shown in the report). Ascertain from the Capital Fund accounting records the amount of the charges to date to Account 33, Rent and Miscellaneous Operating Expenses, and add these expenses on a pro-rata basis to the costs of commodities and species shown on the work sheet. Add 3% of the resulting cost to each item. The data for column 4, Sales Plus Inventory Value, of the report will be secured from the inventory records supplemented with market value prices, by classes of commodities and species, furnished by the Marketing Division, for use in computing market value of inventory material on hand.

From the Inventory Record cards, including the Direct Purchases and Sales cards, tabulate on a work sheet the value of sales made to date, and the volume of inventory material on hand at the end of the month, by commodities and species. (Volume of sales made to date may also be tabulated locally for analysis purposes, if desired, but volume figures are not required in the report). To the volume of inventory material on hand at the end of the period, apply the unit market prices furnished by the Marketing Division and add this value to the value of sales made to date.

(3) Inventory Summaries for Production and Marketing

This report will be prepared in the Inventory Section of the Division of Finance and Banking from the inventory records by

not later than the 5th of each month and a copy furnished the Washington and Area Offices and the Regional Divisions of Production and Marketing by the 10th of each month. No data for this report should be taken from the Direct Purchases and Sales cards. The report will show the volume of stocks on hand at the end of the month in the Region by Areas, commodities, sites, species, grades, and dimensions or other descriptions. A printed form will not be prescribed but the report should be in the following form, using correct terminology as necessary for volume or grades, etc., according to the product involved. Use a separate sheet for each commodity to facilitate their use in summarization.

Monthly Inventory SummaryRegion 7
Area New HampshireDate December 1, 1942Logs

Site, Species and/or Description	Grades						Value
	No. 1		No. 2		No. 3		
	Volume	Cost	Volume	Cost	Volume	Cost	
	(M Ft.)	per M	(M Ft.)	per M	(M Ft.)	per M	
<u>Site 1</u>							
White Pine	250	\$15.00	100	\$14.00	50	\$12.00	\$5,750.00
Spruce	300	18.00	80	16.00	75	14.00	7,730.00
<u>Site 2</u>							
White Pine	50	\$16.00	85	\$15.00	10	\$13.00	\$2,205.00
Spruce	100	19.00	30	16.00	60	14.00	3,220.00

Area Summary

White Pine	300	-	185	-	60	-	7,955.00
Spruce	400	-	110	-	135	-	10,950.00
	700	-	295	-	195	-	18,905.00

Follow with Regional Summary

Lumber

Site Species and/or Description	Grades				Value
	No. 2 and Better Volume (M Ft.)	Cost Per M	No. 3 and Lower Volume (M Ft.)	Cost Per M	
Site 1					
White Pine					
4/4-6-12	30	\$50.00	80	\$30.00	\$3,900.
4/4-8-12	150	48.00	700	31.00	28,900.
4/4-8-16	75	52.00	300	28.00	12,300.
8/4-4-16	600	45.00	600	25.00	42,000.
Spruce					
4/4-8-14	150	50.00	650	30.00	27,000.
4/4-8-16	1000	55.00	75	35.00	57,625.
Site 2					
White Pine					
4/4-6-16	6	40.00	5	20.00	340.
4/4-8-12	13	42.00	11	22.00	788.
8/4-4-14	950	50.00	515	30.00	62,950.
8/4-4-16	600	48.00	226	27.00	34,902.
Spruce					
4/4-8-16	1050	55.00	711	35.00	82,635
Area Summary					
White Pine					
4/4-6-12	30	-	80	-	3,900.
4/4-6-16	6	-	5	-	340.
4/4-8-12	163	-	711	-	29,688.
4/4-8-16	75	-	300	-	12,300.
8/4-4-14	950	-	515	-	62,950.
8/4-4-16	1200	-	826	-	76,902.
Total	2424	-	2437	-	\$186,080.
Spruce					
4/4-8-14	150	-	650	-	27,000.
4/4-8-16	2050	-	786	-	140,260.
Total	2200	-	1436	-	167,260.

Follow with Regional Summary

Physical Inventories

Physical inventories will be taken as of March 31 each year to meet requirements of the Commodity Credit Corporation. No other physical inventories will be taken unless specifically requested.

District personnel designated to take physical inventory will be required to certify and sign their tally sheets. The actual count or taking of the physical inventory will be made by qualified field personnel under the direction of the Area Supervisor. If a method is developed that secures reasonable accuracy by taking a percentage tally or some other form of estimate of the contents of stock piles, such method will be acceptable if approved in advance by the Regional Director.

The Area Office will summarize the tally sheets by sites, commodities, grades, etc. in the same form and order as the monthly summary of the inventory records, omitting the summary for the Area, unit costs and value. The original certified copy will be forwarded to the Regional Office. The original signed copies of tally sheets will be carefully preserved in the Area Office.

When taking physical inventory any losses observed resulting from fire, theft, deterioration, diversion to operating purposes, etc. not previously reported will be reported at this time, giving as accurately as possible the same details as to volume by sites, commodities, grades, etc., as for the physical inventory. The physical inventory should exclude such losses.

When comparison of the physical inventory with the most recent summary of the inventory records or other records discloses discrepancies not due to sales, transfers or other transactions that are a matter of record, an effort should be made to discover the cause. If the discrepancies can not be located and corrected, an explanation should accompany the physical inventory giving all known facts relative to the matter.

In the Regional office, the physical inventory will be checked against the Inventory Record, item by item, and where a difference exists in an item, the Inventory Record will be adjusted to agree with the physical inventory, provided the physical inventory represents an actual count or tally of the items on the ground. Where the physical inventory represents a count or tally on a percentage or estimate basis, as in the case of logs in ponds, no adjustment will be made in the Inventory Records except in cases of material difference. The Regional Director will prescribe a rule for the guidance of the Inventory Section in making such adjustments, since conditions are too variable to establish a uniform rule for all regions and areas. The tolerance will depend on such factors as volume and value of the material involved, skill of those available for taking the inventory, success achieved in keeping the Inventory Record, etc.

A journal voucher covering adjustments made will be furnished the Accounting Section in order that the Capital Fund Accounts affected may be adjusted. Reports received currently covering losses will be handled in the same manner.

Quota Accomplishment Record and Report

The reason for FPS and, therefore, its major objective is to increase ready-for-use production of forest products needed for war and essential civilian use by a total volume, when converted to MBM, of _____ billion board feet. This total quota volume will be broken into Regional, Area and District MBM quota volumes. Materials handled by FPS which are measured by other than board feet, when reported in the Quota Accomplishment Report will be converted into MBM by standard converting factors to be established as needed by each Region with correlation between Regions by the Administrator.

The information reported in the quota accomplishment record is of major importance. It will be the record of actual accomplishment by FPS, and will be constantly used to inform the public, Congress, etc., as to the progress of the FPS in obtaining its objective. It will be subject to frequent checking and inspection. It must be prepared carefully, with each item as accurate as possible. The quota accomplishment record data will not be available from any other FPS report for at least the two following reasons:

1. The FPS may (a) buy stumpage and sell it to a logger. It may (b) buy the resultant logs and sell them to a mill operator. It may (c) buy the resultant rough lumber and sell it to a finishing plant, and it may (d) buy the resultant finished lumber and sell it to the Army. If the same 100 MBM were involved in each transaction, the FPS volume and financial records would indicate a total of 400 MBM, whereas the production of lumber was actually increased by only 100 MBM. In this case only 100 MBM should be entered in the accomplishment report on this material and these transactions.

2. In many cases the FPS will increase production without actually buying, selling or otherwise financing any material. It may bring together a non-operating sawmill owner and a lumber purchaser with resultant output by the mill of 3,000 MBM of needed rough lumber per year. This is a desirable procedure as the policy of the FPS is to take direct action only when the needed products will not be satisfactorily produced by existing facilities and operators. In this case, however, the FPS should take credit for the entire output of the mill - as the lumber is actually produced - although the FPS financial and inventory records would not have any record of the production of the material concerned.

Quota Accomplishment Report (See Form FPS-24)

Each FPS District, Area and Region, as well as the FPS as a whole, will maintain a cumulative current record of its total quota accomplishment record.

It is recognized that determining just what cases or volumes the FPS District Forest Manager should enter in his report each month will be difficult in some instances. In border line cases it will be based on the best considered judgment of the FPS field force. In doubtful cases the FPS will take credit for the increased output, or a designated percentage of the increased output, of a mill, logging operation, etc., to the extent it feels, and has evidence to indicate, it was responsible for the increased or maintained output claimed. In some cases the FPS contribution may be to maintain the present output, or to prevent a greater decrease in production than would have occurred if the FPS had not assisted. The volume of decreased output which the FPS prevented occurring during the period concerned should, of course, be entered as a net volume credit, either direct or indirect as the case may be, as in the case of an actual increased gross output. Inter unit correlation, especially in the reporting of indirect cases, will be a definite responsibility of Area, Regional and Chief's Offices.

The quota accomplishment report, as of the last day of each month, will be due in the Chief's office on the 20th of each following month.

The Regional Office Quota Accomplishment Report will combine the Area reports, adding such cases, if any, handled directly by the Regional Offices or which were not reported by the Area Office, and will report these grouped by product classes and listed in the order required in Area reports.

The Area Office Quota Accomplishment Report will combine the District reports, adding such cases, if any, handled directly by the Area Office or which were not reported by the District Forest Manager. Each Area report will group all entries by product classes and the entries of each product group will be listed in order, with the least manufactured, such as stumpage, first, and the most finished or manufactured, such as finished lumber, veneer, etc., last. Column 4 in the Area and Regional report will indicate on each line the total individual cases being reported after deduction for cases previously reported..

District Forest Managers Quota Accomplishment Report.

In compiling the report data, the District Manager will enter on a separate line each case reported, except individual cases in which the FPS is entitled to credit for less than 10 MBM for the report period may be grouped on one line. On this entry line under the "Reference" heading will be entered "Misc. Cases, less than 10 M each." Special care must be taken in connection with each entry to insure the volumes concerned, in whole or in part, have not been previously reported in a similar or some other form of product. As far as practicable products will be listed by product classes with the raw material of each class on top and the finished products at the bottom of the product class concerned. Such listing will facilitate compiling of the report data in the Area office. The case numbers in column 4 of the report form will be the operational number and will remain the same as more than one report for production resulting from FPS contracts, or other FPS actions, causing increased production for more than one report period. New case numbers will, of course, be used when a new contract is entered into, or new action by the FPS results in accelerating production, or preventing its further decline, even when the same operator or operation is concerned. District reports may be submitted in long hand, but a copy will, of course, need to be retained for reference in preparing future reports.

As explained in brief on the attached report form, all volume entries will be made in terms of MBM. Except for entries under the heading "Total Expected and Unreported FPS Additional Production" and on the "Total Previously Reported" line, all entries will refer only to the production during the month being reported for which the FPS is deemed responsible. Production entries will be segregated and entered as "Direct" or "Indirect."

"Direct" production items will be confined to material produced under FPS purchase or loan agreements or contracts. The entire volume produced during the period concerned under purchase agreements will be entered under this heading provided the material has not been previously reported. In the case of loan agreements the amount of the new or additional volume to be produced as a result of the loan will usually be specified in the agreement, or can be determined, sometimes in terms of a percentage of the total output of the operation during the month concerned. In a few cases this volume may need to be estimated on the basis of the best data available. (See case No's 2, 3 and 7 of attached sample form)

"Indirect" production items will not include production of material covered by FPS contracts or agreements. It will include all other cases when FPS contributes toward obtaining the production concerned. In many cases this will be 100% of the new or increased production concerned. In other cases the net volume credit entry will include only a percentage of this increased volume. In each case, however, the entry will include only that part of the output for which the FPS is entitled to take credit based on available facts and the best determinations of the field men concerned. (See case No's 1, 4, 5, 6 and 8 of attached sample form)

Examples

Direct (1) A sawmill previously not operating is given a purchase contract for 3000 MBM of rough lumber. The total volume will be entered in the Quota Report as it is actually produced. The attached sample form (Case No. 2) indicates the District Manager's entry for the 3rd month of the operation with the mill producing 200 M per month.

(2) A sawmill owner, logging contractor, or concentration yard operator is producing 6,000 MBM per year but by a FPS loan of \$10,000 is enabled to increase his output to 7,200 MBM for 12 months. The entire additional 1200 MBM - as it is actually produced - will be entered as a credit on the Quota Accomplishment Report. The District Manager's entry for the second month of production at the increased rate is indicated as case No. 3 of the attached form.

(3) The District Manager purchases 800 MBM of veneer lumber which is being produced at a rate of 50 M per month by an operator who purchases 50% of his veneer logs from the FPS. The District Manager's entry for the 4th month of operation under this contract is indicated as case No. 7 on the attached sample form (In this case only 50% of the output is reported as a FPS credit at this time, as the other 50% of the output will have been previously reported when the veneer logs concerned were first obtained by the FPS)

(The District Manager purchases 1,000 MBM of rough lumber from a mill supplied entirely by logs purchased from or financed by, FPS. In this case no entries would be made by the District Manager in the Quota Accomplishment Report covering the resultant lumber output as the material would have been previously entered on this record in the form of logs purchased or financed)

Indirect (4) A given permanent mill is producing 200 MEM per month. An FPS representative inspects the mill and assists the operator to improve the mill layout so that production is increased to 250 MEM per month. The FPS should be credited with the entire increase - as actually produced - of 50 MEM per month. See case No. 4 of the attached sample form which indicates the District Manager's entry for any month in which the increased production is 50 MEM.

(5) the FPS may cause 1 billion feet of stumpage to become available by the construction of an access road which, without the FPS, would not have been built at this time. In this case the FPS should take credit (not for the entire one billion feet) for the volume of this material which is actually cut and brought to a market point during each report period. See case No. 1 of the attached sample form for the District Manager's entry covering the first months operation when 250 MEM of logs were brought to a market point, or to a mill, from the timber in question.

(6) The FPS may contact a man needing a loan to place a large sawmill in operation. After carrying on negotiations for some time it is determined the loan might best be handled by the Smaller War Plants Corporation of WPB, and the project is then turned over to that agency. The loan is completed with a resultant output from the mill of 20 million board feet per year. Just what percentages of this increased output should be credited to the FPS is difficult to determine exactly. The decision in these cases will be based on the best judgment of the field men concerned. In this case the FPS was deemed responsible for 25% of increased production and case No. 5 of the attached sample form indicates the District Managers entry following a month when the mill produced 2 million board feet.

(7) The FPS contacts a mill operator who is unable to produce more than 50 MEM per month due to lack of logs. The District Manager arranges for a nearby national forest to place on sale 1,000 MEM of satisfactory stumpage. The mill owner is the successful bidder and as a result of his additional stumpage he is enabled to increase his mill output to 100 MEM per month. In this case the FPS is entitled to credit for the entire increased output irrespective whether or not FPS buys or finances the logs or resultant lumber. Case No. 6 of the attached sample form indicates the District Managers entry for the 5th month of increased operations when the increased output has been 50 MEM per month.

(8) A logging operator has been cutting stumpage and delivering needed cordwood at the rate of 200 cords per month. He is, however, facing a decreased output of 100 cords per month due to inability to obtain new tires for 5 of his trucks. His request for additional tires has been refused by the local Board, but the FPS aids the operator to represent the need for the material, operation, and tires to the local Board with the result it authorizes tires to furnish 3 of the 5 trucks involved. The output of the operation, therefore, drops from 200 cords (100 MEM) per month to 160 cords (80 MEM), but except for the action by the FPS it is expected the output would have dropped to 100 cords (50 MEM). In this case the District Forest Manager will take credit for 60 cords (30 MEM) per month in his report, despite the gross decrease in the output from 200 to 160 cords per month. See the entry for case No. 8 on the sample form for the District Forest Managers report on the first month of operation at the 160 cord output.

District) _____ (1)
Area) _____
Region) _____

QUOTA ACCOMPLISHMENT REPORT

For Month Ending _____ 194_

Report No. _____ (2)

(All Volumes in MBM) (3)

Case No. (4)	Class of Product (5)	Tot.Expected and Unreported FPS Add.Production (6)	Tot.Output during period including FPS (7)	Direct		Indirect		Total Net (10)	Reference Contract No., case designation, identification and comment (11)
				Net Vol.Credit (8)	Vol.Credit (9)	Net Vol.Credit (9)	Vol.Credit (10)		
	Tot Prev.Reported								
1	Sawlogs	999,750	250	200	250		250	250	Access road to J.B.Lane Timber
2	Rough lumber	2,400	200					200	Pur.contract 276 B.A.Smith
3	"	1,000	600	100				100	Loan Ag. 97 S.A.Jones
4	"	50 per month	250		50		50	50	Asst.to J.B.Long Mill
5	"	5 M per year	2,000		500		500	500	Yuma Mill (75%-S.W.P.C.)
6	"	750	100		50		50	50	NF sale to A.J.Newton 1-2-42
7	Veneer Lbr.	300	50	25				25	Pur.contract 291 S.B.Jones 50% prev. rpt.
8	Cordwood	30 per month	80		30		30	30	Asst.J.A.Howe to obtain tires for 3 trucks otherwise laid up.
8	GRAND TOTAL to date		3,530	325	880			1,205	If continued on another page leave this line blank

(1) Cross out units not applying and enter in blank the name or number of unit reporting.

(2) No. of report by reporting unit.

(3) Use standard converting factors to be established by Region.

(4) No. of individual case reported - use same number for further reports on same contract or FPS action.

(5) Enter product in form handled - list in order of degree of manufacture by product groups, i.e. sawlogs, rough lumber; veneer lumber; pulpwood; pulp; cordwood, etc. Area and Regional reports will group by product classed, i.e. sawlogs, rough lumber; veneer logs, veneer lumber; pulpwood; pulp; cordwood and special products such as cooperage bolts, etc.

(See other side)

- (6) Total ultimate additional output expected to result from FPS effort and not yet reported.
- (7) Total output by operation during period reported including but not limited to FPS contribution or addition.
- (8) Actual output during report period under FPS contract (Enter only material not previously reported.)
- (9) Actual output during report period not covered by FPS contract for which FPS is entitled to credit.
- (10) Total of (8) and (9)
- (11) For column 8 items give contract or agreement No. (loan or pur.) and name. For item (9) items give operator involved, nature of assistance, and other agencies, if any, assisting (use foot notes if necessary).



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FOREWORD

This Program embarks upon a sphere of operations the fiscal aspects of which are of a banking and industrial nature and aside from the Northeastern Timber Salvage Administration are quite different from the customary Government fiscal procedures with which Forest Service personnel has been accustomed. The fact that these transactions, so far as the Capital Funds are concerned, are not subject to post-audit by the General Accounting Office imposes upon the Finance and Banking officers a responsibility of utmost importance, as to the proper use of funds, fiscal sufficiency and correctness of expenditure and collection documents, accounting and financial reporting, and related matters. The very nature of the Project and the machinery set up for handling the financial transactions makes it imperative that the entire fiscal management activities be fully coordinated and harmonized with the administrative programs and policies.

The complete facilities of Finance and Banking must be geared to meet the highest standards of efficiency, promptness, and security, yet develop the accounting, inventory, cost, and statistical information in such manner and form as to be of the highest value and usefulness as administrative tools in managing the Project.

To that end the prime objectives of fiscal management officers will constantly be (1) to get the job done within legal and fiscal requirements; (2) promptness in processing financial transactions; (3) simplification in fiscal, accounting and clerical procedures; (4) providing accounting and statistical information in the form most useful for managerial purposes.

The instructions and procedures given in this Handbook in the fiscal management field will be limited to those primarily essential and useful to all personnel engaged upon the Forest Products Service Project. A separate guide of procedural and training techniques will be issued later covering the details of audit, certification and payment of expenditure documents, billing and depositing of collections, contractual obligations, vouchering, accounting, etc. Regions are urged to assist in developing the procedures and training techniques as initially defined. Copies of any such guides issued in the field should be furnished the Washington Office.

So far as practicable standard forms, together with such special forms as loans, leases, purchase and sale contracts, mortgages, notes, accounting ledgers, vouchers, etc., as may be approved especially for this Program will be used.

In a program of the scope of Forest Products Service, all the fiscal management contingencies that may arise could not of course be anticipated and provided for in this Handbook. All employees connected with fiscal management are expected to progress with the program; to this end the regional Divisions of Finance and Banking must analyze and solve each new fiscal or accounting problem as presented. It is necessary and advisable, therefore, that a report be made to the Washington office of the more important developments and solutions so that they may be correlated with like situations in other regions and if found advisable incorporated in the Forest Products Service Handbook for general application.

Full advantage should be taken of the advice and assistance of the consultants and others attached to the Assistant Administrator's office so that progressive ideas and procedures developed in the regions may be made most fruitful.

Finance and Banking officers will be expected to keep abreast of the developments in the techniques and fundamental principles underlying this type of financial operation. They should gain familiarity with authoritative works on the subject. The Washington Office will refer Regions to publications of value in this field and the Regions should exchange suggestions along this line, sending copies to the Washington Office.

In several Regions where the volume of the work is heavy a separate Forest Products Service organization, correlated with the Forest Service regular organization, will be set up including a Division of Finance and Banking. (See Sec. C) In other Regions the fiscal work will be handled as a separate section of the regular Forest Service Fiscal Control organization. The instructions in this Section of the Handbook are equally applicable to either type of organization.

For the guidance of personnel engaged on the Forest Products Program, the financial and budgetary structure thereof and the limitations imposed by law and other legal processes are given in this sub-section.

By Supplement 1 to Memorandum No. 835, April 12, 1940, the Secretary of Agriculture ordered and directed that the business and operations of the Commodity Credit Corporation shall be conducted pursuant to the established departmental procedures and regulations of the Department of Agriculture, with such exceptions as may be approved by the Secretary of Agriculture. A copy of Memorandum of Departmental waivers and limitations is included in this Subsection. For other controlling references, see appendix of this Handbook.

AVAILABLE FUNDS

The Forest Products Service will be financed from three separate funds as follows:

(1) Commodity Credit Corporation Operating Capital Funds: Under the terms of the Memorandum of Understanding with the C.C.C., an authorization of one hundred million dollars is made to the Forest Products Service. These funds are available for the following purposes which will be referred to as "Operating Expenses":

To loan money, to buy, discount or otherwise deal in producers notes, warehouse receipts, pledges, trust receipts, mortgages and other evidence of debt, or to loan money and to take notes, pledges, warehouse receipts, mortgages and other evidences of debt as collateral security therefor, to acquire by purchase, lease or construction or in any other manner storage and other physical facilities, including real property, for the handling, carrying, processing, manufacturing, storing, preparing for market and marketing forest products of any kind; PROVIDED, however, these things can be done on a CONTRACT OR FEE BASIS - they CANNOT be done on a FORCE ACCOUNT BASIS (See "Manufacturing or Processing Expenditures").

Certain limitations in the C.C.C. authorizations were included in the Department of Agriculture Appropriation Act for F. Y. 1943 and previous years which limit the direct payment for personal services from C.C.C. funds to those necessary for the administration and supervision of the Commodity Credit Corporation. None of these funds were allocated to the Forest Products Service. Consequently NO PERSONAL SERVICES including traveling expenses, may be paid from the Operating Capital Fund except through contract or on a fee basis (See "Trust Fund"). With this single exception, therefore, the C.C.C. Capital Fund is available to carry out all phases of the Forest Products Service program.

While the life of the Commodity Credit Corporation is limited by law to June 30, 1943, contractual obligations extending beyond that date may be assumed where necessary to accomplish the purposes of the program. However, it is provided in the Memorandum of Understanding between the Forest Service and C.C.C. that commitments for loans, purchases, and other transactions shall be held to as short a period as the practicable and efficient accomplishment of the program will permit. (See Section G and "Duration of loans", etc., Section B, this Handbook).

Equipment may be purchased for resale or for direct FPS operations, or rented under contract. (See Section M.) The C.C.C. requires, however, that where equipment or plants are purchased for direct operations, the application of reasonable depreciation rates shall be made effective and charged against the operations on which the equipment or plant is involved. This will, of course, result in an increase in the cost price of forest products purchased or processed for resale by the FPS, in accordance with usual accounting practice in such situations.

While milling work, yard operation, etc., by force account cannot be financed from the Operating Capital Fund, as explained elsewhere in Section X and in Section B of this Handbook, there is no objection to paying from that fund for such items as rental of mills and yards, utility services at these points, and the purchase of machinery, materials, and supplies required in the operation of mills and yards.

Contracts for purchase, sale, or rental under the Operating Capital Fund may be negotiated without securing competitive bids where that method is in the best interests of the Government and is in accord with administrative policy and authorization.

The Operating Capital Fund will be disbursed through the Federal Reserve Banking System.

(2) Administrative Funds: These funds will be contained in a Working Fund appropriation account and will be used for the following purposes referred to as "Administrative Expenses":

Briefly, all expenses not properly payable from the Operating Capital Fund or the Trust Fund. Such expenses will include personal services, travel, rent, heat, light, water, public utilities and communication service, office and field equipment, purchase and maintenance, office supplies, purchase of library books and periodicals, field printing and binding, all training expenses, recording fees, and any other similar expenses for the maintenance of the administrative and supervisory organization.

There may also be paid from administrative funds operating expense items such as scaling, grading, tallying, piling, transporting, processing, etc., of forest products when not provided for by contract from the Operating Fund or through the Trust Fund procedure. All force account work not provided for in Trust Funds must be paid from Administrative Funds.

Work such as scaling, tallying, and grading done in order to make delivery according to specifications under sale contracts, which is customarily performed by the vendor, will not be included in hold-back or special fee clauses in the contracts and consequently will be paid from Administrative Funds.

Administrative Funds may not be charged with expenses incurred for work which is an obligation of the contractor under the hold-back or special fee clause in the contract. See instructions under (3) Trust Funds below. Where certain personnel are working alternately on both Administrative Fund and Trust Fund work for short periods as assigned and it is impracticable to segregate their time between the two on individual time reports, the Area Forester will charge the time of the individuals involved in such manner as to represent an equitable division between the two funds of their total salary charges for the pay period, based upon work accomplished. Employees engaged entirely on the work of one fund should of course be charged to the proper fund.

Administrative Funds will be disbursed through the usual Treasury channels.

(3) Trust Funds: The "Hold-Back" or Special Fee Clause In Contracts: In many of the FPS loan contracts a clause is provided whereby the contractor agrees to "withholding" or deduction from the proceeds of the loan and paid over to the Corporation, a specified amount or percentage for deposit in a special account to be used by the FPS solely to pay certain operating expenses of the undertaking for which the loan was granted, such as grading, scaling, etc., as distinguished from administrative expenses covering regular FPS overhead, which is not financed from Commodity Credit Corporation funds. The legality of this procedure was presented to the Comptroller General in 1933 and it was ruled as follows:

"* * * as these expenditures are not made from capital funds of the Corporation nor from borrowings, earnings or recoveries, but from moneys paid for that specific purpose by producers (contractors in case of FPS) for whom the services are being rendered, they need not be considered as administrative expenses of the Corporation.

Any part of the funds so obtained not expended for this purpose can not be used by the Corporation for other purposes but must be applied on producers' (contractors' in case of FPS) notes on a prorata basis, or paid into the Treasury, pursuant to the Act of June 26, 1934 (48 Stat. 1233)." (C.G.A-99842, Dec. 30, 1938 and Feb. 24, 1939.)

The same procedure as above described may be applied to purchase and other contracts provided that the contract in each case contains a stipulation authorizing such a "hold-back" and the purposes for which the funds are to be used.

No refunds of any unexpended balance in the "hold-back" or "special fee" account will be made since no stipulation is contained in this clause in FPS contracts. Consequently, if there remains any unexpended balance in this fund, when and if the FPS program is liquidated, such funds must be deposited in the Treasury in accordance with the Act of June 26, 1934 (48 Stat. 1233).

Trust Funds are obtained through the above "hold-back" or special fee procedure in loan agreements, purchase and sale contracts and when found necessary in other forms of contracts, for "operating" expenses of the producer, purchaser or client which he agrees to pay for by authorizing the Forest Products Service to withhold a stipulated amount or percentage from the proceeds otherwise due the contractor or, as in the case of sale contracts, where the contractor deposits directly with FPS for this purpose. These operating expenses of the contractor cover such items of cost as grading, scaling, sorting, piling, transporting, storing, guarding and other similar operating items. Borrowers or contractors from whom stumpage or logs are purchased may, if they prefer, pay the FPS directly for performing these operating services for them. These funds withheld from contracts or paid directly to the FPS are then transferred to a Trust Fund account which has been approved by the Comptroller General and the Treasury Department to be available for disbursement through usual Government channels covering such operating expenses.

Such funds are not available for supervisory overhead or administrative expenses, but are limited to the class of obligations specified in the contracts or agreements under which the Trust Funds are obtained.

None of the work for which a contractor has assumed obligation in the hold-back or special fee clause in a contract may be paid from the Administrative Fund. In the event of a change in plans subsequent to execution of the contract whereby all or a portion of the work is to be eliminated from the special fee item, the contract must be amended accordingly and, in the case of purchase contracts, the purchase price is for adjustment by the proper amount. See instructions above under (2), Administrative Funds.

Trust Funds will be disbursed through the usual Treasury channels.

Manufacturing or Processing Expenditures

It is indicated in other sections of this Handbook that it may be necessary in isolated cases for the FPS to resort to actual manufacturing or processing of lumber products from the tree to the finished board in order fully to meet the production requirements of the war. This is not intended to infer that "force account" expenditures may be paid directly from the Capital Fund of the Commodity Credit Corporation. The question of legal interpretation of this procedure, in view of the text of the enabling and appropriations Acts of the Corporation, was presented to the Solicitor for opinion who advises that such direct "force account" expenditures are NOT permissible from the Capital Fund and that should operations such as manufacturing, processing or milling become necessary or advisable to be undertaken by FPS, the work must be handled on a contract basis or be paid from other funds.

Commissary Procedure

The Regulation A-4 commissary procedure as described in the Forest Service Manual may be utilized for furnishing subsistence, and other items in accordance with Regional policy, to employees paid from Administrative or Trust Funds where the Regional Forester deems such action desirable. Deductions will be made from salaries under the same procedure as prescribed for regular Forest Service work.

BUDGETARY CONTROL

The budgetary and accounting work of the Forest Products Service for Administrative, Trust and Operating Capital Funds will be the responsibility of the Assistant Administrator (Division of Finance and Banking). Budgetary determination will be made by the Administrator and the mechanics of budgetary accounting and statements will be handled by the Assistant Administrator. The same procedure will be followed in the Regional offices.

The authorization from the Operating Capital Fund will be apportioned to Regions on the basis of production quotas. (See Sections F, G, R for purchase, loan and marketing authorizations.) The Administrative Fund will be allotted to Regions on the basis of approved budgets for the administrative organization.

Such budgetary and accounting records covering these funds as are deemed essential for management and reporting purposes will be maintained in the Division of Finance and Banking.

Authorization and allotment letters will be issued to such regional or other officers engaged in the Forest Products Service program as are designated by the Administrator.

December , 1942

OPERATING PROCEDURE FOR THE GENERAL
FOREST PRODUCTS PROGRAM

Reference is made to the Memorandum of Understanding between the Commodity Credit Corporation and the Forest Service, respecting the General Forest Products Program, approved December , 1942, dealing with Forest Service authority under the Program. In the interest of the most efficient conduct of the project it is recommended that the following regulations and orders of the Department of Agriculture be waived:

- Par. 3311 Solicitation of bids for purchases over \$50.
3312 Preparation of formal contracts by Solicitor and signature by Secretary.
3313 Execution of Certificate of Award by Secretary.
3314 Filing of contracts with General Accounting Office.
3315 Mailing of contracts and collateral papers to contractors.
3322 Advertising in newspapers and trade journals for proposals for contracts.
4113 Purchase of automotive equipment, including prior approval by Department Technical Advisory Board of Specifications.
- B. & F. Cir.
#546 Field contracting limitations.

The General Forest Products Program involves the alleviating of shortages to the fullest possible extent in the supply of forest products required for war and essential civilian needs. In a great many instances the limitations of time, scarcity of materials and equipment and related procurement problems inherent in an emergency production program of this character will not permit of solicitation of bids, execution of formal contracts, etc., in the usual manner. However, the Forest Service intends as a matter of policy to follow standard Departmental and Bureau practices in this project whenever practicable and to avail itself of the authority herein requested only when necessity requires such action.

It is further recommended that authority and procedures as follows be approved with respect to the operations undertaken pursuant to said Memorandum of Understanding:

Advance payments - To make partial or advance payments in accordance with the provisions of loan agreements and procurement, production and other operating contracts entered into on behalf of the Commodity Credit Corporation.

Expenditure and Collection Documents - The usual careful audit of expenditure and collection documents before certification to the fiscal agency for payment or deposit will be followed and other usual administrative and fiscal precautions and procedures carefully observed, including the special features involved in the Memorandum of Understanding.

Modification of Contracts - To handle modification of contracts by means of supplemental purchase orders, letters, memoranda of agreement, or in other written form sufficient to establish the essential details with respect to such modifications.

Delegation of Authority - The Chief or Acting Chief of the Forest Service will delegate in writing authorization to negotiate contracts, purchases and other transactions falling within the authority herein requested, to the Director of the General Forest Products Program and through him to such other officials as may be deemed necessary. Extreme care will be exercised in the delegation of this authority and in no event will it be delegated to other than fully qualified and responsible officials.

All contracts will be entered into in the name of the Commodity Credit Corporation.

Acting Chief, Forest Service

Concurred in:

Commodity Credit Corporation

By: _____
President

Solicitor

Director of Finance

Approved:

Secretary of Agriculture

Date _____

FUND ACCOUNTING

FPS - W.O.

The Fund accounting work for the F.P.S. will be maintained in the Division of Finance and Banking by machine method, unless shortage of equipment makes necessary some other procedure. Copies of ledger, inventory, individual debtors or other accounts and of such financial and statistical statements as are found currently necessary will be provided for executive use.

ADMINISTRATIVE FUND

This appropriation is a Working Fund and requires a separate accounting and reporting structure from the Operating Capital Fund. Allotments will be made to the regions, areas and districts (Forest Products Service).

Washington Office:

Budget: Budgetary control records and summary allotment records will be maintained in the Division of Finance and Banking for use in budgeting administrative funds.

Accounting: The Administrative Fund will be accounted for in accordance with the instructions covering Working Funds as defined in the Forest Service Manual, Volume II. Although the funds are made available for the specific use of the Forest Products Service, they are appropriated funds and subject to the regulations applicable to this class of funds handled through the regular disbursement and accounting channels in the Treasury Department.

Regional Office:

The accounting records will be maintained in the Division of Finance and Banking.

No functional distribution will be made unless specifically designated by the Administrator or Regional Director.

General Ledger, sub-allotment, or other supplemental accounts will be established in accordance with the procedure now outlined in the Forest Service Manual, Volume II, as directed by the Administrator or Regional Director.

Obligation reports will be prepared and separately submitted covering the Administrative Fund. Such expenditures will be coded

and recorded by Budget Objective Classification of Expenditures. (See F. S. Manual, Vol. II.)

TRUST FUND:

A separate complete set of accounting records will be maintained in the Washington and Regional Offices of the Division of Finance and Banking for this Fund. The procedure to be followed will be similar to that outlined for the Administrative Fund and will be maintained separately from other Forest Service appropriation records.

OPERATING CAPITAL FUND - C.C.C.

Use of the fund provided by the Commodity Credit Corporation is of such a specialized nature as to require the establishment of many fiscal and accounting procedures specifically applicable thereto.

General Ledger accounts will be established as outlined in this sub-section to show the current status of this Fund (operations, expenditures, collections, sales, interest, loans, inventories, etc.).

Individual ledger sheets will be maintained showing the complete status of each account with the FPS - loans, contracts, advances, interest credits and balances, sales credits, timber products purchased or applied, etc. These individual accounts will vary depending upon the type of transaction with the contractor (1) straight loans, (2) contract advances, (3) stumpage purchases, (4) processing contracts, (5) sales contracts, and such other types as are found necessary as the program progresses.

The maximum amount of cash plus net contractual obligations that can be outstanding against Commodity Credit Corporation funds at any time is \$100,000,000.00. This authorization will be set up on the budgetary records of the Washington Office FPS and apportioned to the Regions by the Assistant Administrator, at the direction of the Administrator on the basis of production quotas. The regional authorization will be posted in the Memorandum column on Form 1014-A under account No. 20 - Cash Disbursements and Deposits, as a guide to regional management within the authorization. The cash due the Federal Reserve Bank plus the total outstanding liabilities and commitments as determined from an analysis of all the Liability and Commitment Accounts must not exceed the regional authorization.

The Assistant Regional Director, Finance and Banking, should frequently analyze this account and keep the Assistant Administrator of the Washington Office FPS advised of regional commitments and requirements so that the over-all control of the Operating Capital Fund may be regulated in a manner to provide sufficient authorization adjustment between regions to the end that financing of desirable projects need not be sacrificed.

It will not be necessary for the regions to requisition C.C.C. funds for expenditure by the Federal Reserve Bank. The Commodity Credit Corporation will extend sufficient credit to the Federal Reserve Bank to meet payments presented by FPS within the regional authorizations.

GENERAL LEDGER ACCOUNTS

Since the Forest Products Service is the agent of the Commodity Credit Corporation, it is necessary to establish such accounting records for the Commodity Credit Corporation Capital Fund, as will meet the requirements of (1) the accounting structure of the Commodity Credit Corporation; (2) the Bureau of the Budget relating to accounting requirements of Federal corporations of which the Commodity Credit Corporation is specifically designated; (3) the particular information necessary for managerial purposes of the Forest Products Service; and (4) a reconciliation of withdrawals and deposits through the various Branches of the Federal Reserve Bank.

Only the minimum double entry general ledger accounts necessary for an intelligent and business-like system to meet all requirements that are paramount in the Forest Products Service program have been established, together with such supplemental Operating and Contingent Accounts as are required for executive use. Additional supplementary accounts may be established as are found necessary to produce needed cost or statistical management information.

The following procedure is limited to the Operating Capital Funds of the Commodity Credit Corporation for the Forest Products Service program:

Washington Office:

Budget: Budgetary allotment and authorization control records for all funds handled by the FPS will be maintained in the Division of Finance and Banking, Washington Office.

Accounting: The accounting function of the Washington Office, Division of Finance and Banking, with respect to the Operating Capital Fund will be to receive and review monthly trial balances, and other statements as required, from the regions and to prepare consolidated summary statements and reports to reflect the over-all financial condition of FPS. Original trial balances, statements, and reports from the regions, together with the consolidated Service statements and reports, will constitute the only accounting records maintained in the Washington Office for the Operating Capital Fund, other than the budgetary and contingent records.

All contacts between the FPS and the Commodity Credit Corporation regarding accounting matters will be handled by the Division of Finance and Banking.

Regional Office:

The following General Ledger accounts will be maintained in the Regional Office, with such subsidiary records as are indicated or found necessary:

Accounting Classification:

Asset Accounts (Debit Balance)

- 01 Accounts Receivable
- 02 Loans Receivable
- 03 Inventories
- 04 Accrued Interest - Income
- 05 Plants and Equipment
- 06 Real Estate

Liability Accounts (Credit Balance)

- 20 Cash Disbursements and Deposits
- 21 Accounts Payable
- 22 Profit and Loss
- 23 Trust Liabilities
- 24 Special Fees
- 25 Liquidated Damage Suspense
- 26 Accrued Rent & Miscellaneous Operating Expense
- 27 Unearned Rent Income
- 28 Reserve for Depreciation, Plant and Equipment

Operating Accounts

- 30 Purchases (Debit Balance)
 - 30.1 Log Purchases
 - 30.11 Logs - Handling Expense
 - 30.2 Lumber Purchases
 - 30.21 Lumber - Handling and Processing Expense
 - 30.3 Miscellaneous Forest Products Purchases
 - 30.31 Miscellaneous Forest Products - Handling Expense
 - 30.4 Supplies and Material Purchases
 - 30.41 Supplies and Material - Handling Expense
 - 30.5 Equipment Purchases
 - 30.51 Equipment - Handling Expense
 - 30.6 Plant Purchases
 - 30.61 Plants - Handling Expense
 - 30.7 Real Estate Purchases
 - 30.71 Real Estate - Handling Expense
- 31 Sales (Credit Balance)
 - 31.1 Log Sales
 - 31.2 Lumber Sales
 - 31.3 Miscellaneous Forest Products Sales
 - 31.4 Supplies and Material Sales
 - 31.5 Equipment Sales
 - 31.6 Plant Sales
 - 31.7 Real Estate Sales
- 32 Interest Income (Credit Balance)
- 33 Rent and Miscellaneous Operating Expense (Debit Balance)
- 34 Rent Income (Credit Balance)
- 35 Depreciation Expense (Debit Balance)

Contingent Accounts

- 40 Purchase Commitments (Credit Balance)
- 41 Purchases Contracted (Debit Balance)
 - 41.1 Log Purchases - Contracted (Debit Balance)
 - 41.2 Lumber Purchases - Contracted (Debit Balance)
 - 41.3 Miscellaneous Forest Products Purchases - Contracted (Debit Balance)
 - 41.4 Supplies and Materials Purchases - Contracted (Debit Balance)

Contingent Accounts (Continued)

- 41.5 Equipment Purchases - Contracted (Debit Balance)
- 41.6 Plant Purchases - Contracted (Debit Balance)
- 41.7 Real Estate Purchases - Contracted (Debit Balance)
- 50 Sale Commitments (Debit Balance)
- 51 Sales - Contracted (Credit Balance)
- 51.1 Log Sales - Contracted (Credit Balance)
- 51.2 Lumber Sales - Contracted (Credit Balance)
- 51.3 Miscellaneous Forest Products Sales - Contracted
(Credit Balance)
- 51.4 Supplies and Materials Sales - Contracted (Credit Balance)
- 51.5 Equipment Sales - Contracted (Credit Balance)
- 51.6 Plant Sales - Contracted (Credit Balance)
- 51.7 Real Estate Sales - Contracted (Credit Balance)
- 60 Loan Commitments (Credit Balance)
- 61 Loans Receivable, Uncompleted (Debit Balance)

Definitions:

01 Accounts Receivable: Includes all open accounts due the Commodity Credit Corporation from individuals, firms, or Governmental agencies. Subsidiary records will consist of a separate account for each debtor.

02 Loans Receivable: This account will include all outstanding loans made on all types of security such as real estate, timber products, or other types of loans, until they have been liquidated by voluntary deed or foreclosure of the collateral or security. The amount reported hereunder will include unmatured and matured principal and advances added to the principal amount of the loans. Valuation reserves for estimated uncollectible amounts should be shown as deductions hereunder in balance sheets or other financial statements.

Subsidiary records will consist of a separate account for each loan, the ledger being divided into two sections (1) Forest Products Loans, which will include all loans on logs, lumber, etc., and (2) Real and Personal Property Loans covering loans on plants, machinery, and real estate (including loans on standing timber).

03 Inventories: Includes the value of inventories of logs, lumber, equipment, plants and real estate as of close of accounting periods.

04 Accrued Interest - Income: This account is to record the accrued interest receivable at time Profit and Loss Statement is prepared. The account will not be posted currently.

05 Plants and Equipment: Includes the delivered purchase cost of processing plants and equipment purchased or transferred from inventory for use in production and other operations of the Corporation as distinguished from such items held solely for resale which are charged to Account Nos. 30.5 to 30.61 inclusive.

06 Real Estate: Includes the purchase cost of real estate purchased or transferred from inventory for operating use of the Corporation as distinguished from real estate held solely for resale which is charged to Account Nos. 30.7 and 30.71.

Liability Accounts:

20 Cash Disbursements and Deposits: This account includes all disbursements and receipts of every character scheduled to the Federal Reserve Bank. The credit balance in this account plus the balances in the Trust Liability, Special Fee, and Liquidated Damage Suspense accounts represents the amount of money the Forest Products Service owes the Commodity Credit Corporation on basis of schedules submitted.

21 Accounts Payable: Includes all open accounts due or payable to individuals, firms, or Governmental agencies. Subsidiary records will consist of a separate account for each creditor.

22 Profit and Loss: This account will reflect the profit or loss sustained in operating the Forest Products Service program.

23 Trust Liabilities: Includes cash collateral, proceeds of loans held for the borrower, undistributed receipts, deposits on forest product sales for which delivery orders have not been issued, and such other funds as may be held subject to refund on application. A separate account will be kept for each individual or firm holding an equity in the fund. This CCC account is comparable to the Special Deposit account in regular Forest Service business.

24 Special Fees: This account is to reflect the status of fees collected from contractors to pay for scaling, tallying, grading, and such other handling expense which the Forest Service may perform for them as provided in the contracts with the Forest Products Service. The credits to the account will be the fees collected from contractors

for services to be performed by the Forest Service, the debits will be the funds transferred to the Forest Service Trust Fund, and the balance will be the amount available for transfer. Transfers should be limited to amounts actually required for payment of service specified in the agreement between the Forest Products Service and the Forest Service. It is to the benefit of the Forest Products Service to retain these funds in the Special Fee account and not make transfers to the Trust Fund account until found necessary. Only sufficient amounts should be transferred from time to time as are needed to meet the disbursement requirements for a reasonable period, consideration being given to the time required to effect transfer of the funds through Treasury requisition to the credit of the regional disbursing Officer's accounts. (See Payment Procedure for preparation of vouchers and schedules.)

This Special Fee or "Hold-back" account will be credited as funds are actually loaned, deducted, or collected on the basis of the contract.

The amount credited to this account under each contract will be posted to the contract record card, Form FPS-20, for the contract involved; any adjustments in fees already credited will likewise be posted. The total of amounts posted to all contract record cards will be in agreement with net credits to this account, omitting transfers to the Trust Fund.

25 Liquidated Damage Suspense: All liquidated damages collected will initially be credited to this account. Upon determination that amounts collected are properly due and are uncontested, they will be transferred from this account to Profit and Loss account.

26 Accrued Rent and Miscellaneous Operating Expense: This is a contra to 33 Rent - Expense for the amount of unpaid earned rent expense which will be taken up when Profit and Loss Statements are prepared.

27 Unearned Rent - Income: This is a contra to 34 Rent - Income for the amount of rent received but not earned at time Profit and Loss Statement is prepared.

28 Reserve for Depreciation, Plant & Equipment: This is an evaluation account to receive depreciation write-off on assets charged to account No..05.

Operating Accounts30 Purchases:

30.1 Log Purchases: Includes the purchase price of logs.

Perpetual inventories will be maintained in subsidiary records by species, grade, etc., as required.

30.11 Logs - Handling Expense: Includes all direct expenses for transportation and such other expenses as are necessary in acquisition of logs and delivery to first storage point, including depreciation on Corporation-owned plant and equipment while being used for this purpose. (See definition of Account No. 35). Use Form 1016B and post each class in separate column, or use separate Form 1014 sheet for each class.

30.2 Lumber Purchases: Includes the purchase price of lumber, also cost of FPS logs when converted to lumber.

Perpetual inventories will be maintained in subsidiary records by species, grade, etc., as required.

30.21 Lumber - Handling and Processing Expense: Includes all direct expenses for transportation, processing, storing, and such other expenses as are necessary in the acquisition or processing of lumber and delivery to first storage point, including depreciation on Corporation-owned plant and equipment while being used for this purpose. (See definition of Account No. 35). Use Form 1016B and post each class in separate column, or use separate Form 1014 sheet for each class.

30.3 Miscellaneous Forest Products Purchases: Includes the purchase price of all forest products purchased for resale other than logs and lumber.

30.31 Miscellaneous Forest Products - Handling Expense: Includes all expenses for transportation, storing, protection, and such other necessary handling expense as may be paid by the Forest Products Service from Corporation funds during the period prior to sale, including depreciation on Corporation-owned plant and equipment while being used for this purpose. (See definition of Account No. 35).

30.4 Supplies and Material Purchases: Includes the purchase price of all supplies and material purchased from Operating Funds for resale.

30.41 Supplies and Material - Handling Expense: Includes all expenditures for protection, handling, etc., paid from Corporation Funds, including depreciation on Corporation-owned plant and equipment while being used for this purpose. (See definition of Account No. 35).

Contracts for production of a product or construction of property or equipment to which the Corporation takes title, will be accounted for in the same manner as items acquired under a purchase contract.

Contracts for delivery, processing, transportation and storage of logs, equipment, etc., to which the Corporation has title, paid from Corporation funds, will be considered as supplemental purchase contracts and included as part of the purchase price under the proper Handling Expense account.

When logs or other forest products owned by the Corporation are processed or reprocessed into other forms, the processing cost will be taken up in the applicable purchase account. The original purchase value of the product plus subsequent charges, if any, will be transferred to the applicable purchase account. For example, saw logs are purchased for roadside delivery and later on the Forest Products Service contracts with a trucker to transport them to the sawmill for processing, the average cost of the logs as reflected in the Inventory Records will be transferred from the log purchase accounts to the lumber purchase account. The hauling charges to the mill would be charged to the Lumber Handling and Processing Expense account.

30.5 Equipment Purchases: Includes the acquired value of all equipment acquired by the Forest Products Service by means of operating funds.

Separate property accountability card records will be kept for all equipment purchased. (See Property Accountability.)

30.51 Equipment - Handling Expense: Includes all expense for transportation, storing, protection, and such other necessary handling expenses as may be paid by the Forest Products Service from Corporation funds during the period prior to sale.

30.6 Plant Purchases: Includes the cost of acquisition of all forest products processing plants acquired by the Forest Products Service. A separate subsidiary record will be kept for each plant.

30.61 Plants - Handling Expense: Includes all expenses for protection, transportation, storing and such necessary handling expenses as may be paid from the Operating Capital Fund.

30.7 Real Estate Purchases: Includes the cost of acquisition of all land, land and improvements (except plants) and land and standing timber acquired by the Forest Products Service. A separate subsidiary record will be kept for each tract.

30.71 Real Estate - Handling Expense: Includes all taxes and any other carrying charges paid from Operating Capital Funds during the time the Forest Products Service retains title to the property.

31 Sales:

<u>31.1 Logs</u>)	
<u>31.2 Lumber</u>)	
<u>31.3 Miscellaneous Forest Products</u>	)	Includes the sale price
<u>31.4 Supplies and Material</u>	)	of the properties item-
<u>31.5 Equipment</u>	)	ized under Purchase ac-
<u>31.6 Plants</u>	)	counts 30.1, 2, 3, 4,
<u>31.7 Real Estate</u>	)	5, 6 and 7, respectively.

32 Interest - Income: Includes all interest collected on loans receivable, interest included as part of the sale price of logs, lumber, equipment, plants and real estate, including accrued interest on unpaid loans receivable at close of the fiscal year or other financial reporting period.

33 Rent and Miscellaneous Operating Expense: Includes all expenditures for renting or leasing plants, machinery, protection, etc., and miscellaneous other expense paid from Operating Capital funds not included in any of the "30" accounts, including at financial reporting periods unpaid earned expense.

34 Rent - Income: Includes all income from renting or leasing plants, machinery, etc., excluding at financial reporting periods any portion applicable to operations of future periods.

35 Depreciation: This account will include all depreciation charges on plant and equipment purchased from Corporation funds and carried on Account No. 05, which depreciation is not properly chargeable as inventory costs to Account Nos. 30.11, 30.21, 30.31 and 30.41. The rates applied will be on a straight line basis in accordance with the usual rates used by private concerns on similar operations. Hourly,

mileage, or other such operation rates will be avoided if another acceptable method can be established. Depreciation will not be applied to equipment purchased from Administrative funds, unless so directed by the Administrator.

Contingent Accounts

40 Purchase Commitments (Credit): Include all contracts for purchase of logs, lumber, equipment, plants and real estate, delivery or title to which will be effected at a subsequent date. Contra appropriate 41 account.

<u>41 Purchases - Contracted</u>)	
<u>41.1 Log Purchases - Contracted</u>	)	(Debit) Include the
<u>41.2 Lumber Purchases - Contracted</u>	)	contract price of
<u>41.3 Miscellaneous Forest Products</u>	)	all purchases, de-
<u>Purchases - Contracted</u>	)	livery or title to
<u>41.4 Supplies and Materials Purchases -</u>	)	which will be effec-
<u>Contracted</u>	)	ted at a subsequent
<u>41.5 Equipment Purchases - Contracted</u>	)	date. Contra 40.
<u>41.6 Plants Purchases - Contracted</u>)	
<u>41.7 Real Estate Purchases - Contracted</u>)	

50 Sale Commitments (Debit): Include all contracts for sale of logs, lumber, equipment, plants and real estate, delivery or title to which will be effected at a subsequent date.

<u>51 Sales - Contracted</u>)	
<u>51.1 Log Sales - Contracted</u>	)	(Credit) Include the
<u>51.2 Lumber Sales - Contracted</u>	)	contract price of all
<u>51.3 Miscellaneous Forest Products</u>	)	sales, delivery or
<u>Sales - Contracted</u>	)	title to which will
<u>51.4 Supplies and Materials - Sales</u>	)	be effected at a sub-
<u>Contracted</u>	)	sequent date. Contra
<u>51.5 Equipment Sales - Contracted</u>	)	50.
<u>51.6 Plant Sales - Contracted</u>)	
<u>51.7 Real Estate Sales - Contracted</u>)	

(Note: See Cost Accounting for supplemental records dealing with consolidated cost data especially designed for executive use.)

60. Loan Commitments: All loan agreements will be credited to this account when they are executed. The account will be debited as funds are actually advanced to the borrowers. Contra Account 61.

61. Loans Receivable Uncompleted: This account will be debited with all loan contracts when they are executed. The account will be credited as loans are actually made to borrowers and are debited to Loans Receivable. Contra Account 60.

Interest Payable: No accounts are established for interest payable and interest expense. Under terms of the Memorandum of Understanding with the Commodity Credit Corporation the Forest Products Service is committed to return the capital funds to the Corporation together with a profit that will on the average equal interest at the rate of 3% per annum on the Corporation funds advanced. Interest will not be charged to nor paid by the Forest Products Service. The reference to interest merely is a guide in establishing a margin of profit which will on the average return 3% per annum to the Corporation on the funds loaned or invested in material for resale. Of course, all loans made by the Forest Products Service will bear interest at the rate of 3% per annum, which will be collected from the borrowers.

As a guide to administration in establishing selling prices, interest will be computed on the daily balance due the Federal Reserve Bank at the time financial statements are prepared and the amount will be shown as a note on the financial statements as a guide in determining whether or not the operations are returning sufficient profit to return 3% per annum. The margin of profit should be held high enough to offset low returns from such factors as slow moving material which will be accumulating currently and may cause some of the capital funds to be frozen for a rather long period.

Posting Accounts: Posting of disbursements and collections to the Cash Disbursements and Deposits account will be made from the Schedule of Disbursements and Schedule of Deposits as they are forwarded to the Federal Reserve Bank. The date, schedule number and total amount will be entered.

Posting to other accounts will be in detail from individual documents, vouchers, contracts, loan documents, receiving summaries, delivery orders, statements and journal vouchers.

For use as a means of indicating to the bookkeeper the accounts to which one or more transactions should be posted, each region will devise an appropriate Posting Form. Copies will be furnished the Washington Office where a standard form will then be developed and printed for use by all regions.

Subsidiary Records: Purchase and sale accounts will be kept by areas and sites since the inventory record will be maintained in this manner.

Cost Records: It is believed that the general ledger accounts with the subsidiary ledgers and such division of purchase and sale accounts as may be desired, will furnish or make it possible to obtain such accounting or cost data including statistics from the Inventory accounts, as may be desired. Project costs on scaling or other specific operations entering into the cost of goods sold may be kept as found necessary. Instructions for cost accounting, including project costs, are briefly covered under the heading of "Cost Accounting." The instructions will be supplemented later.

Balancing With Federal Reserve Bank: All expenditures and collection items will be scheduled to the proper Federal Reserve Bank under Symbol 13-890 for the Commodity Credit Corporation. At the end of each month a statement will be received from the Federal Reserve Bank showing total disbursements and collections made on behalf of the Forest Products Service program. It is necessary promptly to reconcile this statement with the records of the Forest Products Service and submit this reconciliation statement with the trial balance to the Washington Office. (See Statistics and Reports).

Disposition of Liquidated Damages - Suspense: Liquidated damages will be retained by the Division of Finance and Banking in account number 25 "Liquidated Damages - Suspense" for at least three months, for further consideration if requested by contractor, and possible field investigation. Upon expiration of this period such items will be restored to the working balance of the Capital Fund by credit to the Profit and Loss Account, or remitted to the contractor by the direction of the Regional Director. Authority to release liquidated damage items from the Suspense account must be in writing. Such authorizations are for filing in Finance and Banking in the case folder of the contractor involved.

Security for Loans - Limitation and Record:

Security equal to at least 112% of amount loaned must be pledged and delivered into the control of the Corporation specified in the contract. (See Section C and provisions of Contracts).

The Memorandum of Understanding between the Forest Service and the Commodity Credit Corporation (See Appendix) provides that without prior approval of the C.C.C. the unsecured amount of any single loan

may not at any time exceed \$5,000 and that the total unsecured amounts of all loans may not at any time exceed \$2,000,000. This refers to amounts loaned or advanced for which security has not been delivered into the control of the Forest Products Service by mortgage or possession. The Administrator will allocate the \$2,000,000 limitation to Regions.

The Area Forester will be responsible for obtaining mortgage on or delivery of pledged security in accordance with the terms of the contract. The recording and control through the Division of Finance and Banking will be accomplished as follows:

(1) Loans Not Exceeding \$5,000: If security is mortgaged or delivered at time cash is advanced on loan, value of such security will be posted to Loans Receivable subsidiary record. Otherwise, security will not be posted except as indicated under (3) below. The Area Forester will control the delivery of required security through papers in the contract file.

(2) Loans Exceeding \$5,000: Cash advances on such loan may not exceed 90% of the value of security mortgaged or delivered by more than \$5,000. Advances up to this amount may be entered without evidence of security value. Requests for advances beyond this amount must be accompanied by evidence of delivery of security, certified by Area Forester; the value of which is not less than 112% of the excess over \$5,000. This security value will be entered on the subsidiary Loans Receivable record, thus clearing the way for the additional advance.

(3) The Division of Finance and Banking will be responsible for confining unsecured advances under loans to the Region's allocation of the \$2,000,000 limitation. This will be accomplished by determining as frequently as necessary, and at least monthly, from the subsidiary Loans Receivable accounts, the total amount of outstanding loans in excess of 90% of security value as shown on the individual Borrower's accounts. When that amount approaches the limit, the Division of Finance and Banking will request from the Area Foresters certified reports of security delivered in the loan accounts showing unsecured advances. As reports of security delivery are received, they will be entered on the subsidiary Loans Receivable record, thus decreasing the amount of unsecured loan balances as shown on that record. The Chief of Division of Finance and Banking will determine the individual loan accounts for which security delivery reports should be requested, depending upon amount involved, length or time since advance was made, etc., the principle aim being

to release unsecured balances as shown on the books to the extent needed to make unsecured advances on other loans.

A report showing the amount of unsecured loans outstanding at the close of the month will accompany the Trial Balance when forwarded to the Washington Office.

ACCOUNTING USE OF FORMS
(For Forms See Section Y)

PURCHASE

Form FPS-1 Advice of Contract: This form will be used to notify scalers, tallymen or other custodians of concentration yards of contracts entered into for purchase or hauling of logs or lumber to be delivered to their yards.

An Advice of Contract will be prepared for each contract involving delivery of forest products or service to a storage site or concentration yard. It will be a notification from the Area Forester or other administrative officer to the custodian of the site, of the material or services to be delivered by a contractor. It will show contract number, name and address of contractor, species, grade and volume of material to be delivered, and such other information as may be necessary for the custodian to determine that delivery of the product is in accordance with the specifications or stipulations in the contract. The form will be prepared in triplicate, the original being sent direct to the custodian, one copy for delivery to the District Manager and one copy to be filed in the contract case folder in the Area Forester's office.

Form No. FPS-4 Log Scale Load Ticket: The scaler will prepare a Log Scale Load Ticket in triplicate for each load of logs received on transfer orders and purchase or hauling contracts. This should be signed by both the driver and the scaler.

Spoiled tickets will be marked "Void" and the duplicate will remain in the book with the triplicate.

Original tickets, including voided tickets, arranged in numerical order will be mailed to the Area Forester's office daily. The duplicate ticket will be delivered to the driver for the contractor. The triplicate will remain in the book.

After all tickets in a book are used the book will be sent to the Area Forester where it will be filed by Storage Sites.

Scalers should exercise care to see that books are used in numerical order and that all tickets are issued in numerical sequence to simplify accounting for tickets.

Purchase Contract Deliveries: The scaler will fill in all information required on the form, cross out "Sale" and "Hauling" to indicate the logs were received on a ticket. When the delivery involves a Transfer Order, the number will be shown and "Delivery Order" will be crossed out.

Hauling Contract Deliveries: Log Scale Load Tickets will be processed as above except that the scaler will cross out "Purchase" and "Sale" and show Transfer Order number if one is involved. The ticket need not be in detail. It should show the volume and such other information as is required to compute the amount due the contractor.

Form FPS-5 - Lumber Tally Load Ticket: The Lumber Tally Load Ticket will be used for each load or delivery of lumber received on purchase or hauling contracts, and on transfer orders. Tickets will be processed in the same manner as Log Scale Load Tickets.

Form FPS-6 Softwood Lumber Tally: The tallyman receiving from the saw or tallying softwood lumber at a sawmill will use this tally sheet. He should show purchase contract or transfer order numbers. Only one copy will be prepared. It should be sent to the Area Forester daily. If data are required by the mill or other interested party, the tallyman should prepare a summary for the purpose.

Form FPS-7 Hardwood Lumber Tally: Use for hardwood in the same manner as Form No. 6 is used for softwood.

Form FPS-8 Tally Sheet: The tallyman receiving lumber at a site, mill, or other point where the material remains on the site for subsequent disposition will use a Tally Sheet. The purchase contract or transfer order numbers should be shown. One copy will be prepared and sent to the Area Forester daily. The tallyman should summarize such data as he may require for record purposes.

Form FPS-9 Log Receiving Summary: The Log Receiving Summary will be prepared in the Area Forester's office from the Log Scale Load tickets. All summaries must show the purchase contract or transfer order number. This form when properly priced, totaled and certified may be used as the payment voucher.

As Log Scale Load Tickets are received, they should be checked to see that all tickets run in numerical sequence. They should then be segregated by type of contract (purchase, sales, or hauling), by contract and Transfer Order numbers and the receiving tickets posted to the Log Receiving Summary. Separate receiving summaries should be made for each contractor for each site to which delivery is made.

Periodically, or as required, the volume will be totaled, the rates entered, and the amount due the contractor computed. When used as the payment voucher the Log Receiving - Summary will be prepared in quintuplicate, the copies being disposed of as follows: Original and two copies to Division of Finance and Banking, original to constitute original voucher, one copy to be mailed with check and one copy for the contract file. The Area Forester will file one copy in contract file and the other copy in numerical order by storage sites.

When it is impracticable to use the form as payment voucher, because of large number of species or for other reasons, Disbursement Voucher Form FPS-14 will be prepared in which case the Log Receiving Summary will be prepared in quadruplicate to support the voucher. The original will be used to prepare the voucher and the original voucher together with the original and one carbon copy of the typed Log Receiving Summary should be sent the Division of Finance and Banking for payment (see Payment Procedure). The Log Scale Load Tickets will be attached to the triplicate which will be filed in date order in the contract folder in the Area Forester's office. The quadruplicate will be filed in numerical order by storage site number.

Form FPS-10 Lumber Receiving Summary: The Lumber Receiving Summary will be processed in the same manner as Log Receiving Summaries from Lumber Tally Load Tickets, Softwood Lumber Tally, Hardwood Lumber Tally or Tally Sheets.

Hauling Contracts Deliveries: Log Scale Load Tickets and Lumber Tally Load Tickets covering hauling contracts will be summarized in the form most convenient for vouchering and sent to the voucher clerk for preparation of the voucher on Form FPS-14, Disbursement Voucher.

Hauling; Purchase of Equipment, Supplies and Material; etc.: The regular Disbursement Voucher (Form FPS-14) will be used. It will be prepared in quadruplicate from receipted copies of purchase orders, or summaries of load tickets. The original and two copies will be forwarded to the Division of Finance and Banking. The fourth copy will

be retained until the "Paid" copy is returned. The "Paid" copy will be filed by vendors and the retained copy may be destroyed.

SALE:

Form FPS-2 Delivery Order: The Delivery order will be the authorization for a scaler, tallyman or other custodian of a concentration yard to deliver material.

The Area Forester will prepare a Delivery Order in quintuplicate on basis of the original Paid Statement (see "Collections"). The original will be forwarded to the contractor for presentation to the custodian who is to deliver the material, two copies will be forwarded the regional office Division of Finance and Banking, one copy to the custodian who will deliver the material, and the other copy attached to the copy of the receipted statement will be filed in the contract folder.

In the regional office the Inventory Section will post the records from one copy and file by storage sites. The accounting records will be posted from the other copy which will be filed in the contract folder.

Form FPS-4 Log Scale Load Ticket: The scaler will prepare a Log Scale Load Ticket in triplicate for each load of logs delivered on a Delivery Order, Transfer Order and advice of hauling contract. He will cross out "Purchase", "Hauling" and "Transfer" and will enter the sale contract and delivery order number for each load delivered on a sale contract. For hauling contracts he will cross out "Purchase" and "Sale" and show the hauling contract and delivery or transfer order numbers. The final ticket will be marked "Final". The hauler and scaler will sign each ticket.

Spoiled tickets will be marked "Void" and the duplicate left in the book with the triplicate copy.

As books are completed they will be sent to the Area Forester for filing by storage sites.

Form FPS-5 Lumber Tally Load Ticket: The Lumber Tally Load Tickets will be processed by the scaler or tallyman in the same manner as Log Scale Load Tickets.

Form FPS-6 Softwood Lumber Tally: This form will be used to tally softwood lumber delivered to purchasers at a sawmill. The sale contract and delivery order numbers must be shown. The original tally sheet will be sent to the Area Forester.

Form FPS-7 Lumber Tally (Hardwood): Use for hardwood in the same manner as Form No. 6.

Form FPS-8 Tally Sheet: Tally Sheets will be used to tally lumber delivered in large quantities at a storage site, the purchaser to take title on the ground. The sale contract and delivery order numbers must be shown. The original will be sent to the Area Forester.

Form FPS-11 Log Delivery Summary: The Log Delivery Summary will be prepared in triplicate in the Area Forester's office from Log Scale Load Tickets. Each summary must show the sale contract and delivery order numbers. Separate summaries will be prepared for deliveries by contractors and storage sites.

The original will be sent to the regional office. The duplicate, with Log Scale Load Tickets attached, will be filed by storage sites. The other copy will be filed in the contract folder attached to the Delivery Order.

Form FPS-12 Lumber Delivery Summary: The Lumber Delivery Summary will be prepared in triplicate in the Area Forester's office from Lumber Tally Load Tickets, and other forms of Tally sheets. The distribution and filing procedure will be the same as for log delivery summaries.

Delivery Summaries (Regional Office): When log and lumber delivery summaries are received in the Regional Office they will be checked against the Delivery Orders. If the actual delivery exceeds the Delivery Order, a supplemental Delivery Order will be issued and processed and a statement of the additional amount due will be mailed the contractor. The amount of the Statement will be taken up on the books as a debit to Accounts Receivable and a credit to Sales. In the event the actual delivery is less than the Delivery Order (amounting to one dollar or more), a supplemental credit Delivery Order will be issued and the amount due the contractor will be refunded.

TRANSFERS:

Form FPS-3 Transfer Order: Transfer Orders will be prepared by the Area Forester's office (seven copies) for each transfer between sites for storage, transfer between sites for conversion into another form of product, and for conversion into another form of product at the present location. The value need not be entered unless readily available. Each order will be serially numbered T-1, T-2, etc., the "T" indicating it is a transfer delivery order as distinguished from the regular sale delivery order. Reference to all work to be done in connection with the transfer, payable from Operating Capital Funds, such as sawing, hauling, etc., and to contracts covering the work, will be shown on each Transfer Order.

The original and two copies will be sent to the regional office Division of Finance and Banking, one copy to the delivering custodian, one copy to the receiving custodian, and one copy will be filed in each of the storage site folders in Area Forester's office.

The delivering and receiving custodians will issue the necessary Log Scale Load Tickets, Lumber Tally Load Tickets or applicable tally sheets in the same manner as for other deliveries and receipts.

The Area Forester will prepare the delivery or receiving summaries in the same manner as for purchases and sales, identifying each by the Transfer Order number.

The regional office will route two copies of the Transfer Order to the Inventory Section for pricing, posting, and filing of one copy for each storage site. The other copy will be forwarded to the accounting section for posting the accounts and filing.

The receiving and delivery summaries supporting the Transfer Orders will be checked out by the Inventory Section which will take steps to make the necessary inventory and accounting adjustments when the actual transfers differ from the Transfer Orders.

When transfers involve products to be processed into another form, the deliveries will be credited to the storage sites involved (and to the accounts when they are separated by storage site). The volume of the new product will be secured from the mill tally sheets. The value will be transferred to the proper accounts along with such transfer and processing costs as may be incurred.

Regional Office:

Reports will be prepared as found necessary for purposes of administration and financial control. At the outset of the Forest Products Service program it is difficult to forecast or standardize the varying type and form of information that will be needed. However, the accounting records herein prescribed are deemed to be sufficiently flexible to produce a wide spread of financial and statistical data. It will be the policy of the Division of Finance and Banking to cooperate fully with the other Divisions in meeting their needs for information to the extent that accounting records may supply.

Finance and Banking will prepare from the financial and statistical data made available for the purpose, such graphs and charts as are found of value to management in guiding the program.

Administrative Funds:

As this is a Working Fund, the usual obligation and other financial reports will be submitted to the Washington Office in the same manner and form as prescribed in the Forest Service Manual for other working funds.

Trust Funds:

Reports will be made to the Washington Office for fiscal use covering the Trust Fund, similar to the obligation, expenditure, and collection reports required for Working Funds.

Reports as found necessary for administrative use will also be prepared.

Operating Capital Funds:

Promptly at the end of each month a Trial Balance of the general ledger will be taken of the C.C.C. Capital Fund. Also complete financial statements covering the general ledger accounts, including both the operating and contingent accounts, will be prepared. Copies of these statements will be furnished the Washington Office and Regional Forester. These reports must reach the Washington Office not later than the 6th of the month

since the consolidated report for the entire FPS program is due in the Commodity Credit Corporation office on the morning of the 8th. These Trial Balances and statements will be prepared on the cumulative basis, showing total debits, total credits and balance to date for each account. The value of the current inventory, by commodities, on a cost-or-market basis, will be shown by footnote on the Trial Balance Statement. (See Section W.)

The Commodity Credit Corporation may require other financial reports, the instructions for which will be sent the regions as soon as the type of reports desired and when they are to be submitted are determined.

Net Worth and Other Reports:

The Commodity Credit Corporation is required to submit to the Treasury Department a report as of March 31 of each year showing the Net Worth of the Corporation. This contemplates the appraisal of all assets at current market value. The full requirements of the Corporation regarding this report are not available at this time. When they are determined, the Regions will be informed.

Report of Contract Obligations:

Each week (Tuesday) the Division of Finance and Banking will prepare a report for the Regional Forester from the Contract Record File showing number of contracts entered into in each Area for the preceding week, total amount of products covered by these contracts (classified at least as to species) and total consideration, together with such other statistical information as the Regional Forester may require.

(SAMPLE)

FOREST PRODUCTS SERVICE
TRIAL BALANCE
Region _____ As of December 31, 1942

		<u>Debit</u>	<u>Credit</u>
01	Accounts Receivable	\$ 250	
02	Loans Receivable	100,000	
03	Inventory: Logs 1-1-42 \$ 20,000		
	Lumber 1-1-42 <u>500,000</u>	520,000	
04	Accrued Interest - Income	3,000	
20	Cash Disbursements & Receipts		\$ 421,250
23	Trust Liabilities		25,000
24	Special Fees		2,000
30.1	Log Purchases	99,500	
30.11	Logs - Handling Expense	500	
30.2	Lumber Purchases	1,996,000	
30.21	Lumber - Handling and Processing Expense	4,000	
31.1	Log Sales		72,000
31.2	Lumber Sales		2,200,000
32	Interest - Income		3,000
40	Purchase Commitments		990,000
41	Log Purchases Contracted	90,000	
42	Lumber Purchases Contracted	900,000	
50	Sale Commitments	1,600,000	
51	Log Sales Contracted		100,000
52	Lumber Sales Contracted		<u>1,500,000</u>
		\$5,313,250	\$5,313,250

Inventory: Logs 12-31-42 \$ 50,000
Lumber 500,000

NOTE:

Contingent accounts 40 to 52 not used in preparing Profit and Loss statement and Balance Sheet for the reason that purchase and sales contracts will likely be for rather indefinite (estimated) quantities and use of such figures would reflect anticipated profits. Contracts are supposed to be covered by performance bonds. However, the safest course is to operate on an earned profit basis because when the war ends there will probably be a number of contracts completed on a reduced basis and the material on hand will likely be disposed of at reduced prices to close out the project.
(See Balance Sheet on contract basis.)

(SAMPLE)

FOREST PRODUCTS SERVICE
 PROFIT-LOSS STATEMENT
 Region _____ As of December 31, 1942
 (Earned Profit Basis)

Sales:

Logs	\$ 72,000	
Lumber	<u>2,200,000</u>	\$2,272,000

Cost of Material Sold:

Logs: Inventory 1-1-42	\$ 20,000	
Purchases	\$ 99,500	
Transportation	<u>500</u>	<u>100,000</u>
Total		\$120,000
Inventory 12-31-42	<u>50,000</u>	
Cost of Logs Sold		\$70,000

Lumber: Inventory 1-1-42	\$500,000	
Purchases	\$1,996,000	
Transportation	<u>4,000</u>	<u>2,000,000</u>
Total		\$2,500,000
Inventory 12-31-42	500,000	
Cost of Lumber Sold		\$2,000,000
Total Cost of Material Sold		<u>\$2,070,000</u>

Profit on Sales	\$ 202,000
Interest-Income	3,000
Net Profit	<u>\$ 205,000</u>

NOTE:

Average Cost of Material per M ft.

	<u>Cost</u>	<u>Transportation</u>	<u>Total</u>
Logs	\$10.28	.01	\$10.29
Lumber	20.13	.02	20.15

FOREST PRODUCTS SERVICE
BALANCE SHEET
Region _____ As of December 31, 1942
(Earned Profit Basis)

Assets

Accounts Receivable	\$	250
Loans Receivable		100,000
Inventory 12-31-42		
Logs	\$	50,000
Lumber		500,000
Accrued Interest		550,000
		<u>3,000</u>
		<u>\$653,250</u>

Liabilities & Surplus

Cash (Federal Reserve Bank)	\$421,250
Trust Liabilities	25,000
Special Fees	2,000
Surplus	205,000
	<u>\$653,250</u>

Memo:

Uncompleted Contracts:

Purchases: Logs	\$ 90,000
Lumber	<u>900,000</u>
Total	\$990,000

Sales: Logs	\$100,000
Lumber	<u>1,500,000</u>
Total	\$1,600,000

Sales Exceed Purchases:

Logs	\$10,000
Lumber	\$600,000

Interest on Federal Reserve Bank	
Daily Balance (3% per annum)	\$7,000

FOREST PRODUCTS SERVICE
BALANCE SHEET
Region _____ As of December 31, 1942
(Contract Basis)

Assets

Accounts Receivable				\$	250
Contracts Receivable					1,600,000
Loans Receivable					100,000
Inventory 12-31-42					
Logs on Hand	\$	50,000			
Log Purchases Undelivered		<u>90,000</u>	\$	140,000	
Less Cost of Undelivered Sales			80,000	\$	60,000
Lumber on Hand	\$	500,000			
Lumber Purchases Undelivered		900,000	\$	1,400,000	
Less Cost of Undelivered Sales			<u>1,200,000</u>	200,000	260,000
Accrued Interest					<u>3,000</u>
					<u>\$1,963,250</u>

Liabilities & Surplus

Cash (Federal Reserve Bank)	\$	421,250
Contracts Payable		990,000
Trust Liabilities		25,000
Special Fees		2,000
Surplus		<u>525,000</u>
		<u>\$1,963,250</u>

NOTE:

Interest on withdrawals
 from Federal Reserve Bank \$7,000

Relations With Federal Reserve Bank

Since the Federal Reserve Bank is the designated fiscal agency of the Commodity Credit Corporation and makes the disbursements and handles the deposits of collections on behalf of the Corporation, contacts and correspondence regarding financial and accounting matters with the Federal Reserve Banks or Branches in the various regions of the Forest Products Service will be conducted by the Division of Finance and Banking. These matters will usually relate to transactions such as payments, deposits, balances, schedules, etc.

Types of Collections

Collections will probably be made from several sources: (1) direct repayment of loan; (2) payment of interest; (3) sale of products; (4) amounts withheld or collected under contract for Special Fee account; (5) rentals; (6) refund of excess advances; (7) resale of equipment purchased; and perhaps others as the program develops.

Responsibility for Observance of Laws and Regulations

See comments under Payment Procedure in this section of the Handbook.

Bonding Collection Officers

It will be the policy that all employees authorized to handle collections on behalf of the Commodity Credit Corporation (Forest Products Service) be placed under bond in accordance with Department Regulation 3142 and the regulations of the Treasury Department.

Maturity of Notes and Contracts

It will be the responsibility of the Assistant Regional Director, Division of Finance and Banking, to maintain a promise card record (similar to the 3 x 5 card record for leases maintained by the Forest Service) of the maturity date of all notes and take appropriate action at least 30 days prior to due date. In any case where a note is not paid by the due date, the Division of Finance and Banking will cause appropriate legal or other indicated action to be taken, through the Director and, where necessary, the Assistant to the Solicitor.

The contract index cards should also be reviewed as to expiration date and the Regional Director informed of approaching delinquencies. It is suggested that the best plan would be to make this survey of the records on a definite date of each month - for example, the 10th of the month - after the regular monthly reports have been completed.

Computation of Interest: 3% Table

Simple interest will be charged on money loaned or advanced to clients of the FPS program. Simple interest for a year is computed as a percent of the indebtedness to which it applies, the percent being the rate per year. To find the simple interest for a period other than a year, multiply the interest for a year by the number of years, or fraction of a year in a given period. A year from any date is the corresponding day of the following year. A year from June 7 of any year is June 7 of the following year. There are two methods of computing the elapsed time, but the Federal Reserve Bank uses the actual number of days, including but one of the terminal days; interest computation by the bank is based upon 365 days in a year. For example, assume the amount of principal is \$5,375.50 extending over a period from March 8 to October 17. The latter date is 290 days from January 1 and March 8 is 67 days from January 1 or 223 days. The formula would be:

$$\$5,375.50 \times .03 \times \frac{223}{365} = \$98.53$$

If February 29 intervenes between two given dates, add one more day.

For convenience in interest computation, there is included in this section a 3% interest table showing the computation of interest on \$100 for any given number of days in a year on the basis of 365 days. In the above example, the interest on \$100 on October 17 is \$2.38356, and on March 8 (because only one terminal day is included) is \$.55068, and the difference (which would give the exact interest computation for the period stated) is \$1.83288. For the sum of \$5,375.50 merely point off two additional decimal points because the interest table is for \$100.00, or \$53.7550 x \$1.83288 = \$98.53.

3% Interest Table

Amount of interest for each day, on \$100 at 3% interest

JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1	.00822	.26301	.49315	.74795	1.24932	1.49589	1.75068	2.00548	2.25205	2.50685	2.75342
2	.01644	.27123	.50137	.75616	1.25753	1.50411	1.75890	2.01370	2.26027	2.51507	2.76164
3	.02466	.27945	.50959	.76438	1.26575	1.51233	1.76712	2.02192	2.26849	2.52329	2.76986
4	.03288	.28767	.51781	.77260	1.27397	1.52055	1.77534	2.03014	2.27671	2.53151	2.77808
5	.04110	.29589	.52603	.78082	1.28219	1.52877	1.78356	2.03836	2.28493	2.53973	2.78630
6	.04932	.30411	.53425	.78904	1.29041	1.53699	1.79178	2.04658	2.29315	2.54795	2.79452
7	.05753	.31233	.54247	.79726	1.29863	1.54521	1.80000	2.05479	2.30137	2.55616	2.80274
8	.06575	.32055	.55068	.80548	1.30685	1.55342	1.80822	2.06301	2.30959	2.56438	2.81096
9	.07397	.32877	.55890	.81370	1.31507	1.56164	1.81644	2.07123	2.31781	2.57260	2.81918
10	.08219	.33699	.56712	.82192	1.32329	1.56986	1.82466	2.07945	2.32603	2.58082	2.82740
11	.09041	.34521	.57534	.83014	1.33151	1.57808	1.83288	2.08767	2.33425	2.58904	2.83562
12	.09863	.35342	.58356	.83836	1.33973	1.58630	1.84110	2.09589	2.34247	2.59726	2.84384
13	.10685	.36164	.59178	.84658	1.34795	1.59452	1.84932	2.10411	2.35068	2.60548	2.85205
14	.11507	.36986	.60000	.85479	1.35616	1.60274	1.85753	2.11233	2.35890	2.61370	2.86027
15	.12329	.37808	.60822	.86301	1.36438	1.61096	1.86575	2.12055	2.36712	2.62192	2.86849
16	.13151	.38630	.61644	.87123	1.37260	1.61918	1.87397	2.12877	2.37534	2.63014	2.87671
17	.13973	.39452	.62466	.87945	1.38082	1.62740	1.88219	2.13699	2.38356	2.63836	2.88493
18	.14795	.40274	.63288	.88767	1.38904	1.63562	1.89041	2.14521	2.39178	2.64658	2.89315
19	.15616	.41096	.64110	.89589	1.39726	1.64384	1.89863	2.15342	2.40000	2.65479	2.90137
20	.16438	.41918	.64932	.90411	1.40548	1.65205	1.90685	2.16164	2.40822	2.66301	2.90959
21	.17260	.42740	.65753	.91233	1.41370	1.66027	1.91507	2.16986	2.41644	2.67123	2.91781
22	.18082	.43562	.66575	.92055	1.42192	1.66849	1.92329	2.17808	2.42466	2.67945	2.92603
23	.18904	.44384	.67397	.92877	1.43014	1.67671	1.93151	2.18630	2.43288	2.68767	2.93425
24	.19726	.45205	.68219	.93699	1.43836	1.68493	1.93973	2.19452	2.44110	2.69589	2.94247
25	.20548	.46027	.69041	.94521	1.44658	1.69315	1.94795	2.20274	2.44932	2.70411	2.95068
26	.21370	.46849	.69863	.95342	1.45479	1.70137	1.95616	2.21096	2.45753	2.71233	2.95890
27	.22192	.47671	.70685	.96164	1.46301	1.70959	1.96438	2.21918	2.46575	2.72055	2.96712
28	.23014	.48493	.71507	.96986	1.47123	1.71781	1.97260	2.22740	2.47397	2.72877	2.97534
29	.23836	.49315	.72329	.97808	1.47945	1.72603	1.98082	2.23562	2.48219	2.73699	2.98356
30	.24658	.50137	.73151	.98630	1.48767	1.73425	1.98904	2.24384	2.49041	2.74521	2.99178
31	.25479	.50959	.73973	.99452	1.49589	1.74247	1.99726	2.25205	2.49863	2.75342	3.00000

OPERATING CAPITAL FUNDBilling for Collections

All items due the Operating Capital Fund will be billed on Form FPS-16, Statement, which will be prepared promptly when the indebtedness is due and payable. Statements will be issued by the Regional Division of Finance and Banking or by Area Foresters, depending upon the nature and origin of transactions. As a policy, billing statements will be done by the Division of Finance and Banking in all cases except where the basis for the specific billing originates in the field and the work will be simplified and expedited by issuance of billing statements in the Area office. Billing for initial payments under sales contracts is an example of the latter. Billings for payments on loans, for rentals, and for subsequent payments under sales contracts due at dates specified in contracts are examples of items ordinarily to be billed by the Division of Finance and Banking.

Statements will be prepared in quadruplicate; the original and one copy to the debtor, one copy to the Area office, and one copy to the Regional office for the unpaid collection file. This file will be maintained in alphabetical order.

Statements will be itemized only to the extent necessary to afford complete identification of items covered. Where items are detailed in contracts or other papers available to debtor, Area office, and Regional office, reference may be made to such papers in lieu of repetition of items on Statements.

Where form of acceptable remittance is limited to certain types in the contract, bid invitation, or in Section R of the Handbook for certain classes of transaction, a statement to the effect that remittance must be in the form of one of the specified types will be placed upon Form FPS-16, Statement, at time of preparation.

All remittances must be made payable to the Commodity Credit Corporation and mailed with original Statement to: The Division of Finance and Banking, Forest Products Service (Complete address of R.O.). Collections by field offices are not authorized but in the event remittances come into their hands, they should promptly mail them as above.

Processing Collections

Unless otherwise specified in the contract, bid invitation, Section R of the Handbook, or on the Statement, remittance in any form of negotiable instrument customarily used for similar purposes by business concerns will be accepted in payment of indebtedness, subject to collection.

Upon receipt of remittances (accompanied by originals of Statements) in the Division of Finance and Banking, the copies of Statements will be withdrawn from unpaid Statement file and matched. Remittances and all papers will be examined for correct preparation, negotiability, etc.

Should a remittance be received for which billing has not previously been issued, action will be taken to have billing issued in usual manner before processing, provided the purpose of remittance and other required data are known.

The Collection Audit Clerk will schedule the remittances to the Federal Reserve Bank for collection and credit on a Schedule of Deposits, Form FPS-18, prepared in triplicate, original to Federal Reserve Bank, one copy to Accounting section and one copy retained for filing in numerical order. The Original Statement will be receipted "Received Payment subject to Collection" with appropriate stamp. The copy of Statement which was removed from unpaid file will be stamped likewise.

Collections will be scheduled daily as received and Schedules of Deposits will be signed by the authorized bonded collection officer and forwarded with remittances to the designated Federal Reserve Bank without delay.

Both original and copy of "Paid" Statement will be routed to Audit and Accounting Sections for audit and entry on accounting records after which original will be mailed to Area office and copy will be filed in contract folder. Both original and copy must be together at time of posting as a guard against duplicate posting.

Upon receipt of original "Paid" Statement, Area office will endorse paid information on its retained copy of Statement, take other appropriate action such as issuance of Delivery Order for commodities for which payment was made, file copy of paid Statement in contract folder, and mail original paid Statement to payer.

Delivery Orders will be issued on basis of Original only of Paid Statement in order to avoid duplication.

Deferred Application of Remittances

If the purpose of the remittance cannot be identified or for other reason it cannot be properly applied, the amount will nevertheless be immediately processed and deposited in the Federal Reserve Bank, the amount being recorded in the Trust Liabilities account pending final disposition. A Remittance Receipt, Form FPS-17, should be promptly issued in triplicate, the original to be mailed directly

to the payer, the duplicate to the Area office, and the triplicate held with other papers to support entry in Trust Liabilities. The reason for inability to apply will be stated on this receipt. When required data are available, transfer Journal Voucher will be prepared as a basis for debiting Trust Liabilities and properly applying the receipt item. The Statement will then be handled in same manner as for initial collections.

Examination of Collection Documents

After completion of the deposit by the Collection Clerk the copy of the Schedule of Deposits together with the original and copies of Paid Statements and other attachments, if any, will be given the Audit Section for complete audit against the contract and all papers then routed to the Accounting Section for entry on the accounting records. After entry, the original Paid Statement will be mailed the Area office and other papers will be routed to the file clerk for proper filing in the case folder and permanent Schedule of Deposits file.

It is imperative that all collection actions be followed through the various procedures with dispatch.

Remittances Submitted with Bids

In the sale of products or other assets of the Corporation, it is usually customary to require the bidder to submit with his bid an amount at least sufficient to guarantee the first payment under the contract. If bids are opened in the Area Forester's office and prompt action is taken in making the award, the remittances received with the rejected proposals may be returned to the bidders with notice of rejection of their proposals. Remittances should be described in transmittal letters, a copy of which should be sent Division of Finance and Banking. The remittance accompanying the proposal of the successful bidder, together with original and copy of statement Form FPS-16 should be promptly submitted to the Assistant Regional Director, Division of Finance and Banking, for deposit and accounting, together with the covering contracts.

Remittances received with bids in the Regional office will be held if in original sealed envelopes; if not in sealed envelopes they will be promptly deposited as Trust Liabilities (see "Deferred Application of Remittances") until action is taken upon the award of contract, at which time the remittances or deposits covering rejected proposals will be returned to the bidder. The remittance of the successful bidder will be promptly deposited and credited in the accounting records, statement being prepared for this purpose.

Remittances Submitted with Proposed Negotiated Contracts

Remittances constituting first or full payment under a negotiated contract, which accompany the proposed contract to the Area Forester or to the Regional Forester for consideration, will be handled in a manner similar to that stated above for bid deposits. If returned to remitter, they must be transmitted by letter describing the remittance, a copy of which will be sent the Division of Finance and Banking.

Collections for Sales to Government Agencies

When sales of forest products of Forest Products Service are made to other Government agencies, the Division of Finance and Banking will bill the other Government agency by preparation of Form 1034 voucher, in lieu of Statement, based upon Lumber Delivery Summary, Form FPS-12. Collection will not be made in advance. Copies of Form 1034 vouchers will be used for the purposes served by copies of statements in other cases. The payee will be the Commodity Credit Corporation, United States Forest Service, agent, and remittance will be transmitted to the Division of Finance and Banking for deposit to the Commodity Credit Corporation account in the Federal Reserve Bank.

Prompt action should be taken in preparing these vouchers as soon as possible after delivery of the products, as payments must be obtained without delay in order to save the Corporation extra interest charges and to replenish the working balance in the capital account.

ADMINISTRATIVE AND TRUST FUNDS

Any repayments or other remittances received which affect the Administrative Working Fund or the Trust Fund will be scheduled and otherwise handled by the Division of Finance and Banking for deposits with the Treasurer of the United States in similar manner as for other appropriated funds.

Remittances should be drawn payable to Treasurer of the United States and mailed to the Division of Finance and Banking. Instructions to this effect should be stated on Statements, Forms 861, and other billing papers.

The procedure for transferring amounts from the Corporation Special Fee account to the Trust Fund receipt account is stated under "Special Fee (Hold-Bank) Procedure" in Subsection X-5, Payment Procedure. On Standard Form 1044, Schedule of Collections, covering deposit to the Trust Fund, the name of the Remitter will be shown as Commodity Credit Corporation. In the column for detail description of purpose for which collections were received will be stated the contract number assigned by the Washington Office to the Memorandum of Understanding between the Commodity Credit Corporation and the Forest Service, covering the establishment of the Trust Fund, which will be filed with the General Accounting Office. No other information will be shown.

COLLECTION REGISTERS

No Collection Registers will be maintained in the field. As statements of moneys due the Corporation or the Administrative and Trust Funds are issued in the field, one copy should be immediately sent to the Division of Finance and Banking which office will maintain an unpaid file.

FEDERAL STATUTES

There are quoted below several important provisions of law concerning the safekeeping, depositing and unlawful use of public moneys. Violations of these or other Federal statutes coming to the attention of any FPS employee are for immediate reporting to the proper official.

Field officers should inform all debtors that amounts due the Operating Capital Fund, the Administrative Fund, or the Trust Fund should be remitted directly to the Division of Finance and Banking at the Regional office. Should field officers erroneously receive payments by mail, they should immediately transmit them to that office.

Unlawful Use of Public Moneys by Custodians (U.S.C., Title 18, Sec. 175 (Sec. 89))

Every officer or other person charged by any Act of Congress with the safekeeping of the public moneys, who shall loan, use, or convert to his own use, or shall deposit in any bank or exchange for other funds, except as specially allowed by law, any portion of the public moneys entrusted to him for safekeeping, shall be guilty of embezzlement of the money so loaned, used, converted, deposited, or exchanged, and shall be fined in a sum equal to the amount of money so embezzled and imprisoned not more than ten years.

Duties of Officers as Custodians of Public Moneys (U.S.C., Title 31, Sec. 521)

The Treasurer of the United States * * *, and all public officers of whatsoever character, are required to keep safely, without loaning, using, depositing in banks, or exchanging for other funds than as specially allowed by law, all the public money collected by them, or otherwise at any time placed in their possession and custody, till the same is ordered, by the proper department or officer of the Government, to be transferred or paid out; * * *.

Failure to Deposit as Required (U.S.C., Title 18,
Sec. 177 (Sec. 91))

Whoever, having money of the United States in his possession or under his control, shall fail to deposit it with the Treasurer, or some assistant treasurer, or some public depository of the United States, when required so to do by the Secretary of the Treasury, or the head of any other proper department, or by the accounting officers of the Treasury, shall be deemed guilty of embezzlement thereof, and shall be fined in a sum equal to the amount of money embezzled and imprisoned not more than ten years.

Banker Receiving Unauthorized Deposit of Public Money
(U.S.C., Title 18, Sec. 182 (Sec. 96))

Every banker, broker, or other person not an authorized depository of public moneys, who shall knowingly receive from any disbursing officer, or collector of internal revenue, or other agent of the United States, any public money on deposit, or by way of loan or accommodation, with or without interest, or otherwise than in payment of a debt against the United States, or shall use, transfer, convert, appropriate, or apply any portion of the public money for any purpose not prescribed by law; and every president, cashier, teller, director, or other officer of any bank or banking association who shall violate any provision of this section is guilty of embezzlement of the public money so deposited, loaned, transferred, used, converted, appropriated, or applied, and shall be fined not more than the amount embezzled, or imprisoned not more than ten years, or both.

Federal Reserve Districts and Branches

District

No. 1	Boston, Mass.	30 Pearl St.
No. 2	New York	33 Liberty St.
Branch	- Buffalo	270-278 Main St.
No. 3	Philadelphia, Pa.	925 Chestnut St.
No. 4	Cleveland, Ohio	East Sixth St. & Superior Ave.
Branches	- Cincinnati, Ohio	Fourth & Race Sts.
	Pittsburgh, Pa.	714 Grant St.
No. 5	Richmond, Va.	9th & Franklin Sts.
Branches	- Baltimore, Md.	Lexington & Calvert Sts.
	Charlotte, N.C.	S. Tryon & Second Sts.

District

No. 6	Atlanta, Ga.	92-104 Marietta St.
Branches -	Birmingham, Ala.	2030 Second Ave.
	Jacksonville, Fla.	Cor. Hogan & Church Sts.
	Nashville, Tenn.	228 Third Ave., N.
	New Orleans, La.	Carondelet Cor. Common Sts.
Agency	- Savannah, Ga.	
No. 7	Chicago, Ill.	230 S. LaSalle St.
Branch	- Detroit, Mich.	160 Fort St., W.
No. 8	St. Louis, Mo.	411 Locust St.
Branches -	Little Rock, Ark.	Cor. Louisiana & Third Sts.
	Louisville, Ky.	Cor. Fifth & Market Sts.
	Memphis, Tenn.	Third & Jefferson Sts.
No. 9	Minneapolis, Minn.	73 S. Fifth St.
Branch	- Helena, Mont.	Lawrence St. Cor. Park Ave.
No. 10	Kansas City, Mo.	10th & Grand Ave.
Branches -	Denver, Colo.	17th & Arapahoe
	Oklahoma City, Okla.	226 W. Third St.
	Omaha, Nebr.	17th & Dodge
No. 11	Dallas, Texas	Cor. Atard & Wood Sts.
Branches -	El Paso, Texas	351 Myrtle Ave.
	Houston, Texas	1301-3 Texas Ave.
	San Antonio, Texas	Jardine & Villita Sts.
No. 12	San Francisco, Calif.	Sansome & Sacramento Sts.
Branches -	Los Angeles, Calif.	409 W. Olympia Blvd.
	Portland, Ore.	Porter Bldg., 6th & Oak St.
	Salt Lake City, Utah	70 East South Temple St..
	Seattle, Wash.	Second Ave. & Spring St.

PAYMENT PROCEDURE

FPS - W.O.

For the three kinds of funds available to the Forest Products Service and the purposes for which each may be used, see Budget and Finance subsection of this Section.

OPERATING CAPITAL FUND:

Voucher Examination Responsibility:

As explained in the "Foreword" of this section, the General Accounting Office will make no audit of expenditures and collections involving the Operating Capital Funds of the Commodity Credit Corporation. The full responsibility for this audit to see that expenditures, collections and all fiscal documents comply with the laws, charter of the Corporation and other regulatory provisions relating to payments and collections pertaining to this fund, rests entirely with the Division of Finance and Banking of the Forest Products Service; it is also the responsibility of Finance and Banking to see that the Administrator, Regional Directors and other officers in charge of the operations of this program are kept fully informed of the legal limitations and authorizations, and, when necessary, to initiate such remedial action as may appear appropriate from the fiscal and banking viewpoint.

Applications for Loans, Contracts, Purchase and Sale Agreements, leases and all other types of expenditure and collection documents referred to the Division of Finance and Banking for processing, must be given a careful and detailed audit to determine their acceptability within the legal limitations and authorizations of the CCC Operating Capital Fund.

Where legal doubt exists, the matter should first be taken up with the Regional representative of the Solicitor's office, or if deemed necessary, with the Washington Office of Finance and Banking for information and instructions. This situation will unquestionably occur on many occasions since it is not possible to forecast all types of transactions and related complications which will be encountered in the operation of a program of this proportion.

The FPS is essentially a war emergency program and wide latitude has purposely been included in the various dockets to enable the Administrator to accomplish the purposes and objectives

of the program. It is necessary that the Finance and Banking personnel approach these problems with prudent judgment and make their decisions within reasonable limits of caution and good business practice, and to see that the best interests of the Government and the Corporation are protected.

Audit and Payment Organization:

The Forest Products Service is essentially a financing program the clients of which are primarily small logging and mill operators, small timberland owners, and farmers having woodlot resources and who are financially unable to either operate or increase present operations, to permit of augmenting the production of timber products needed for war and essential civilian purposes. It is of paramount importance, therefore, that fiscal and financial transactions of every kind and at all times be handled with promptness and dispatch from the bottom to the top — all along the line.

At the outset of the program all payments will be made through the Regional Office. The Finance and Banking Division will schedule the expenditure documents to the Federal Reserve Bank or Branch nearest the Regional Office for issuance of checks. The procedures initially outlined must be tested and perfected; adequacy and simplification of forms of every kind must be emphasized; personnel must be recruited and trained to become competent and efficient. As the volume of transactions increases and it is found essential in order to expedite payment of obligations, the auditing and processing of expenditure documents payable from the Operating Capital Fund and the scheduling of them for immediate payment by a local Federal Reserve Bank or Branch may be decentralized under such regulations and instructions as the Administrator and Regional Forester shall prescribe.

Bonding of Certifying Officers:

All "Authorized Certifying Officers" approving vouchers or other expenditure or collection documents for payment or deposit will be placed under bond in accordance with the provisions of Public Law 389 dated December 29, 1941 (Budget and Finance Circular No. 535, dated February 27, 1942) and Department Regulation 3113 regarding the responsibility for proper examination and certification of accounts.

Certification of Expenditure and Collection Documents:

The Commodity Credit Corporation will direct the Federal Reserve Banks to honor expenditure and collection documents or schedules, involving the Capital Fund, from those officials of the Forest Products Service authorized and bonded to approve such papers as "Authorized Certifying Officer." The names and titles of the individuals thus selected will be reported to the Commodity Credit Corporation through the Assistant Administrator (Division of Finance and Banking), in the Washington Office., Signature cards on CCC Form 86-A will be obtained in similar manner as is now required in connection with the handling of regular Forest Service appropriations.

Contracts, Leases and Agreements:

Administrative Approval: Applications for loans, leases, contracts, agreements, and other basic contractual documents will be acted upon and approved by the duly authorized officers, after which they will be referred to the Division of Finance and Banking for audit, processing, payment and collection. The contract approving officers shall be held accountable for their actions in accordance with the governing regulations and instructions.

The approval of the Regional Attorney or his representative should be obtained as to any changes in standard forms or clauses and any situations presenting legal problems not clearly covered by instructions. (See Section Y).

Preparation, Numbering, and Filing: Contracts, leases, and agreements of all kinds will be prepared with an original and two carbons and executed at least in duplicate.

The original executed document will be filed in the Regional Office, Division of Finance and Banking.

The other executed copy should be sent to the client.

The second carbon should be retained in the Area office concerned.

Additional copies may be prepared as found necessary.

All contracts, leases, and agreements will be numbered in the Division of Finance and Banking. Each Area or other comparable administrative unit office will be assigned an organization number. Each contract, lease, or agreement should be numbered consecutively beginning with "1" preceded by the region number, the letters FPS

and the organization number of the unit, as 7-FPS-1-1, etc. If a contract is involved, the number of it will appear on the voucher so as to identify it with the particular case.

Contract Record Card; Form FPS-20: A Contract Record Card has been provided in two colors - white and yellow. As soon as a loan, purchase or sale contract is received in the Division of Finance and Banking for numbering, that office will prepare a set of Contract Record Cards giving a complete summary of the contract. The original white form will be retained in that office as an alphabetical index and for audit purposes and for recording payment items as audited; the yellow copy sent the Area Forester's office. (See Statistics and Reports sub-section for report to administrative office regarding contracts.)

The safest, and perhaps the simplest, method of audit is to use the original file in which all documents pertaining to the agreements and contracts are filed. This method will ordinarily be employed.

Custodianship: The Division of Finance and Banking is the responsible custodian of the originals of all contracts, leases, agreements, notes, performance bonds, or vouchers and other documents supporting expenditure and collection transactions under the Forest Products Service program. These documents must be safeguarded and protected in every reasonable manner against loss and destruction.

The documents should be filed in a case folder in which all financial and legal documents relating to the case will be assembled. It may be found advisable to maintain this file by Areas, or on a Region-wide basis. This will be determined by the Regional Chief, Division of Finance and Banking. The contract, amendments, etc., should be fastened to the right hand side of folder jacket at the top by paper fastener and copies of vouchers and other fiscal case correspondence fastened to the left side of the folder jacket by paper fastener.

In view of the fact that original documents will be retained permanently in the Forest Products Service and that notes, contracts, and other documents must be available to support all collections and disbursements by the Federal Reserve Bank, the protection of these documents against theft and fire or other loss is a serious responsibility. Regional Division of Finance and Banking officers will be held responsible for seeing that adequate protection in line with the customs of other Government Corporations under the same circumstances is afforded.

Purchase of Logs or Lumber

Form FPS-9, Log Receiving Summary; Form FPS-10, Lumber Receiveing Summary; or Form FPS-13, Forest Products Disbursement Voucher, will be used for vouchering all payments for logs, lumber or other forest products. Forms FPS-9 and 10 will be used in lieu of preparation of other voucher form where practicable.

Vouchers will be prepared in quintuplicate in the Area Forester's office from receiving forms. The fifth copy will be on plain yellow paper for use as a "tickler copy." A separate voucher will be prepared for each contractor for each storage site.

Vouchers will be certified by the contractor and the Area Forester. Certification by the contractor will constitute his certified invoice and compliance with the terms of his contract. The original and three copies of the voucher (together with the original and one copy of the Log or Lumber Receiving Summary where Form FPS-13 is used as voucher) will be forwarded to the Regional Office, Division of Finance and Banking. On receipt of F.P.S vouchers in the Regional Office, all copies with attached papers will be routed to the Expenditure Section for audit and scheduling for payment.

The quadruplicate copy of voucher will accompany the Schedule of Disbursements to the Federal Reserve Bank for mailing to the payee with the check as identification of the payment. The triplicate copy of voucher will be stamped showing date of scheduling for payment and returned to the Area Forester's office. The quintuplicate copy of voucher on yellow paper will be retained in a pending file by the Area Forester until the "paid" triplicate copy is returned from the Regional Office, at which time the "paid" copy of voucher will be filed in the contract folder; the retained or tickler copy may be filed alphabetically by name of contractor or vendor, or destroyed if desired.

In the Regional Office the original voucher (and original Log or Lumber Receiving Summary if on separate form) will be routed to the Accounting Section for posting to the ledger accounts, after which it will be filed in the contract folder.

The duplicate copy of the voucher (with the duplicate copy of the Log or Lumber Receiving Summary where on a separate form) will be routed to the Inventory Section for entry on the Inventory records, and filed by sites.

Vouchers covering hauling or other types of services will be sent direct to the Expenditure Section for audit and scheduling. A copy of voucher showing date scheduled will be returned to the Area Forester. This type of voucher will ordinarily be covered by contract and will be processed through the Expenditure and Accounting Sections in similar manner to purchase vouchers covering logs or lumber.

Preparation and Handling of Vouchers

1. Purchase operations will be in the name of the Commodity Credit Corporation, the Forest Service acting as agent.
2. Loans, contracts, leases, invoices, vouchers, collections, schedules of disbursement and collections will be in the name of the Commodity Credit Corporation, the Forest Service acting as agent.
3. Disbursements and deposits will be handled by the Division of Finance and Banking through the Federal Reserve Banks and Branches at locations shown in the Collection sub-section. At the outset of the program the transactions will be handled through the Federal Reserve Bank nearest the Regional Office.
4. Distribution of vouchers and schedules of disbursement and collection will be made as otherwise set forth in this Section of the Handbook.
5. Payments will be made on a special F.P.S. voucher and schedule forms (copies in Section Y) supported by notes, contracts, mortgages or other approved collateral unless specifically exempted, bids, purchase orders, contracts, agreements or other obligation documents; such supporting papers to be retained in the files of the Division of Finance and Banking. The formal obligation document or voucher will bear the certification of an administrative officer of the Forest Products Service authorized and designated in writing to do so.
6. After making a thorough fiscal audit of such expenditure documents, they will be approved for payment by a bonded designated certifying officer under the direction of the Assistant Administrator or Assistant Regional Director, Division of Finance and Banking, and scheduled to the Federal Reserve Bank for issuance of check.

Each expenditure will be thoroughly audited against the terms of the governing contract and against such evidence of delivery, work performed, specifications of completed work, etc., as is indicated necessary to verify compliance with contract requirements. Care is required to insure that proper deductions are made for failure to conform to specifications, such as Lumber Sawing Specifications (Section K and Piling and Storing Specifications (Section L).

7. Each voucher or other expenditure document will be serially numbered for the region as a whole. This is deemed sufficient for identification purposes.
8. All expenditure documents and vouchers will be scheduled on Form FPS-15, Schedule of Disbursements, which will also be certified by a bonded Authorized Certifying Officer.
9. The original voucher with supporting documents will be retained in the Division of Finance and Banking (see "Custodianship" this sub-section).
10. After Schedules of Disbursement have been sent to the Federal Reserve Bank or Branch, copies thereof with original vouchers and other papers will immediately be referred to the Accounting Section in the Division of Finance and Banking for processing through the various accounting records.
11. Payment for freight and express transportation expenses will be supported by Government bill of lading or carrier itemized freight bill attached to special FPS disbursement voucher, and will be processed in the same manner as other procurement vouchers. (see Transportation sub-section).

Schedule of Disbursements

Schedule of Disbursement (Form FPS-15) will be prepared in quadruplicate listing all vouchers verified for payment by the auditor. They will be serially numbered as issued. The original schedule will be certified by the authorized certifying officer and original and one copy will be forwarded to the Federal Reserve Bank for payment. One copy will be on plain paper for filing as a "tickler" in a numerical file, One copy will be routed to the bookkeepers for use in posting after which it will be filed for bookkeeping reference. The copy will be returned by the Federal Reserve Bank showing date of payment which will be substituted for the "tickler" copy in the numerical file.

Special Fee ("Hold-back") Procedure

A provision for withholding a Special Fee or "Hold-back" to cover certain operating expenses of the contractor may be inserted in loan and purchase contracts as heretofore explained.

In stating vouchers covering loans or purchases the gross amount will be shown. From this will be deducted the amount of the Special Fee or "Hold-back", leaving the net amount due the

Contractor. Vouchers will be entered on the Schedule of Disbursements in the net amount due. The full amount of the fee named in the contract, or any amendment thereto, should be collected at the time or times specified in the contract except in unusual cases where the Director may approve a lesser amount for one or more installments, in order to provide needed funds to the contractor, the under-deduction to be withheld from the next advance or payment. In the latter event, the contractor should be notified of the circumstances in writing.

The "Hold-back" item will be taken care of in the Accounting Section by debiting the contractor's account and crediting the Special Fee account with the amount. Periodically, transfers will be initiated in the Accounting Section through Journal Voucher procedure, transferring the necessary amounts from the Special Fee account (Corporation Fund) to the Trust Fund account (Treasury Fund) on the F.P.S. books. After preparing the Journal Voucher, it will be routed to the Expenditure Section for scheduling to the Federal Reserve Bank for payment on a regular F.P.S. Schedule of Disbursements making the check payable to Treasurer of the United States and returning check to the Division of Finance and Banking.

One copy of the Schedule of Disbursements will be routed to the Collection Clerk to be held pending receipt of the check from the Federal Reserve Bank. Upon receipt of the check, Certificate of Deposit and Schedule of Collections, Form 1044, will be prepared for deposit to the proper Trust Fund symbol, in the Treasury Department, to be expended through the regular Disbursing Officer of the region.

Entry on the Special Fee and Trust Fund accounts will be made in the Accounting Section from the above documents, the former being debited from the Journal Voucher and Schedule of Disbursements and the latter being credited from the Schedule of Collections after processing by the Collection Clerk.

Expenditures covering wages and expenses of Agent (scalpers), Agent (graders), Agent (tallymen), and other personal service chargeable to the Trust Fund will be processed as stated under "Trust Funds," this sub-section.

Insurance

It has been the policy for many years for the Government to carry its own insurance. Such policy will prevail with respect to the FPS program. That is to say, property of the Commodity Credit Corporation, including logs, processed materials, equipment, etc.,

will not be insured against loss or damage by fire, theft, or other causes.

Property of borrowers or contractors held by Forest Products Service as collateral or otherwise; will not be insured by the Government. However, the Forest Products Service must take all reasonable steps to see that its holdings of commodities belonging to borrowers or contractors are protected against loss or damage, and in addition must make whatever contribution it can to prevention of fire and theft at concentration yards and other points at which such commodities are stored. The question of legal responsibility in case of loss or damage and similar questions are discussed in Section G of the Handbook.

Recording Fees

In some instances, particularly those involving large loans and contracts, a chattel mortgage is obtained as further protection to the Corporation covering loans and advances. These documents must be promptly recorded in the County in which the collateral is located.

Purchase or other contracts granting to the Corporation cutting rights or options on standing timber should invariably be recorded in the County in which the timber is located.

Recording fees also are payable from the Administrative Fund.

ADMINISTRATIVE FUND

As the Administrative Fund is a Working Fund, standard procedures for procurement, vouchering, audit, payment through the Disbursing Offices of the Treasury Department, and accounting as outlined in Forest Service Manual Volume II, will be followed. All of these transactions will be handled through the Division of Finance and Banking in both the Washington and Regional Offices of the Forest Products Service.

Standard forms as now used by the Forest Service will be employed.

After audit and approval by a bonded Authorized Certifying Officer the vouchers will be scheduled to the Disbursing Officer on Standard Form 1064, Schedule of Disbursements.

As the Administrative Fund is to be handled through the regular Disbursing Officers of the Treasury Department, all transactions relating to both disbursements and collections of these funds must flow through the Regional Office of the Division of Finance and Banking, and cannot be decentralized to Area or other field offices.

Recommendations for officials who are to be authorized to approve expenditure and collection documents involving the Administrative Fund will clear through the Forest Service only, as has been customary heretofore.

These chattel mortgages are to be recorded by the District Manager or Area Forester. If the County Recorder refuses to accept voucher and permit payment to be made through regular channels, the fees may be paid in cash, receipts taken showing complete reference to the contract involved and the amount included in a reimbursement account of the employee paying the recording fee.

TRUST FUND

Trust Funds established for the expenditure of "Hold-back" moneys covered in contracts, must also be handled through the regular Disbursing Officers of the Treasury Department under the same regulations as apply to appropriated funds. The accounting, expenditure and collection functions relating to the Trust Funds will be the responsibility of the Division of Finance and Banking. Arrangements will be made for the Assistant Regional Directors, Division of Finance and Banking, to handle these funds in the same manner as the Regional Fiscal Agents of the Forest Service now handle similar funds through the Treasury Department and General Accounting Office. The standard appropriation accounting, expenditure and collection procedures as outlined in Forest Service Manual Volume II will be observed, unless otherwise provided in this Handbook. Such expenditures will not be functionalized unless so instructed by the Administrator or Regional Director. However, every time report, purchase order, voucher and other expenditure document must show distribution of Trust Fund charges by sites or other points at which the work is performed. The expenditure of this fund is limited to the specific purposes covered in the contracts under which the deductions or collections are made.

Standard Government and Forest Service forms will be used.

The officers bonded and designated as authorized certifying officers for Administrative Fund expenditures and collections will certify Trust Fund expenditure and collection documents.

CORPORATION PROPERTY

(See also Sections M & N)

All property purchased from the Operating Capital Fund shall become and be accounted for as Corporation property.

Such property falls into the following three broad classes, accountability to be handled as indicated for each class:

(1) Wood products purchased for resale, such as logs, lumber, pulpwood, and similar products. This material will be accounted for through the Inventory Record as provided in Section W.

(2) Accountable property. This will include all items normally classified as semi-expendable and non-expendable property in regular Forest Service work as well as real estate and operating improvements. Record accountability will be maintained as hereinafter provided.

The Regional Forester may recommend reclassification to expendable of any items which in his opinion are of such a minor nature as not to warrant record accountability.

(3) Expendable operating supplies and materials consumed in the course of operations. No record accountability will be maintained for this; it will be given adequate protection against theft, extravagance, misuse, and otherwise handled to accomplish a maximum of economy in operating cost.

Accountable Property Procedure

All equipment purchased with Operating Capital Funds are a part of the capital assets of the Corporation to the same extent as a note secured by a mortgage and must be sold and the proceeds credited to the Capital Fund account when the Forest Products Service is liquidated. Such property may not be used for other purposes except on a rental basis and title may not be transferred out of Corporation control except on a sale basis. In approving rental rates and sale prices for such property, consideration should be given to the requirement that at least a 3 percent per annum net profit be realized on Corporation funds invested.

Custodian: A Property Custodian for each Area will be designated in writing by the Regional Forester. This officer will have the same responsibility for the property accountability function as Custodians on National Forests have.

Records: Because of the administrative necessity of having available a current record of all C.C.C. property belonging to the Forest Products Service and because of the requirement to tie in equipment inventories of the Commodity Credit Corporation to the capital investment account, a control record by Areas on Forest Service Form 331 of all accountable property of all classes acquired from Operating Capital Funds will be maintained in the Division of Finance and Banking. Actual expenditures for purchase or construction cost, in-transportation, additions, and accessories will be posted to the property card for each item of accountable property. In other words, all expenditures charged to the Equipment Capital accounts Nos. 0.5, 30.5, 30.51, 30.6, and 30.61 will be posted to the appropriate property cards. These general ledger accounts will constitute control over the values on the property records. Where more than one unit of an item is recorded on the same card, the average unit cost of the balance on hand will be used when reducing accountability.

A card record on Form 331 will be maintained by the Custodian in each Area office (Regional office property by the Custodian in that office).

Record of large equipment and other types identified by make, model, or serial number, such as trucks, adding machines, typewriters, etc., should be kept on a separate card for each piece. Where the type of equipment is such as to lend itself to group recording on one card, without confusion, this may be done.

Where heavy equipment is involved, a separate card showing the following information will be maintained for each unit: (1) Type and description of equipment, (2) location, (3) purchase cost, (4) from whom purchased, (5) estimated period of use and (6) condition at time of purchase. If equipment was transferred from another FPS region, that fact also will be shown. (See Section M.) No standard form is being provided for this purpose. Suitable Forest Service form, such as Form 966 or 331, or any existing regional equipment form, may be adapted.

Accountability Actions: The regular procedure outlined in the F. S. Manual Volume II in connection with standard property forms, receipts, etc., will be followed. The Regional Forester is authorized to pass upon accountability actions on property purchased from Operating Capital Funds without reference to the Secretary's Office for clearance, etc.

All property accountability actions covering procurements, transfers to and from a unit, losses, destruction, etc., must be promptly handled by each employee and the required forms submitted to the Division of Finance and Banking. The responsibility of the designated Property Custodian on each Unit is definite and real. It is absolutely necessary

that receipts be obtained immediately upon purchase or transfer of an item of property of any kind from the individual to whom the property is entrusted, such receipts being complete as to description, name, size, model, serial number, cost, whether "FPS-A" or "FPS-C" and any other pertinent information. Property Custodians must have signed receipts on hand at all times for all property of the Forest Products Service under their custody.

The current inventory cost value, as shown on the Form 331 property cards maintained in the Division of Finance and Banking, will be shown for each item on all property documents effecting the Equipment Capital Account. Copies of property documents will serve as Journal Vouchers for adjustment of this account for items lost or destroyed. The pricing of documents covering intra-regional transfers is optional.

Branding and Marketing: All items of accountable property belonging to the Corporation will be branded, die-stamped, or otherwise clearly and permanently marked "FPS-O", the letter "O" signifying Operating Capital Property. This marking will also be placed on all records and forms covering such property.

All motorized equipment will be marked with the regular Government shield - not the Forest Service shield.

Physical Inventories: All physical inventories must be very carefully made at definitely prescribed periods and certified Property Returns of such inventory report sent to the Division of Finance and Banking.

Physical inventories will be taken at such times as the Regional Forester may require, but not less frequently than annually, in March of each year, since the Commodity Credit Corporation is required to render a complete financial statement to the Bureau of the Budget of the status of its business as of March 31.

Heavy Equipment Rented: See also Section M. A separate card record will be maintained for heavy equipment under rental contract to the Forest Products Service payable from Operating Capital Funds. A separate card will be maintained for each unit of such equipment. This card will provide the following information: (1) Type and description of equipment, (2) appraised value, (3) location, (4) period of rental, (5) cost of rental, per day or week, etc., (6) whether it would be available for transfer outside the regional area on a rental or purchase basis after need in the particular regional area has been satisfied, (7) condition of equipment, and (8) from whom rented and contract number and date. This will include regular Government-owned equipment rented by FPS on a reimbursement basis.

All movements of rented equipment between accountable officers must be covered by property transfer form giving full description and stating that it is rented equipment.

Equipment Available for Transfer: A record will be kept in the Regional office of heavy equipment, both owned and rented, which may be available for transfer between units or between regions. Supplemental instructions for handling this question will be issued by each region. (See Section M.)

ADMINISTRATIVE FUND PROPERTY

This will include all property purchased from Administrative Funds and property transferred to FPS from regular Forest Service or other Government agencies, also other Government agency property loaned to FPS without reimbursement.

All property of this class (except loaned property) will be branded, die-stamped, or otherwise clearly and permanently marked "FPS-A", the letter "A" signifying Administrative property as distinguished from Operating Capital Fund property. This marking will also be placed on all records and forms covering such property.

The Custodians designated at Area or other offices for Corporation Property will also serve as Custodians of this class of property.

FPS Areas will be comparable to National Forests as primary accountable units. The Custodian in each Area office will maintain record of accountable property on cards, Forest Service Form 331. Card record for such property in the Regional office will be maintained by the designated Regional office Custodian for FPS. No control record of Administrative Fund property in the region will be maintained in the Regional office.

The property accounting and inventory requirements for this class of property will be the same as for regular Forest Service property, including the segregation of semi-expendable and non-expendable property on all records. The procedure prescribed in Volume II of the F. S. Manual will be followed. However, the records must be kept entirely separate from records for other classes of property.

Administrative Fund heavy equipment will be recorded in the Area office on the same form of card record as is prescribed for Corporation-owned heavy equipment in the Regional office. (See Section M.)

For any heavy equipment rented from the Administrative Fund, a record thereof on the form prescribed for Corporation rented equipment will be maintained in the Division of Finance and Banking. (See Section M.)

TRUST FUNDS

No accountable equipment will be purchased from Trust Funds.

COST ACCOUNTING

FPS - W.O.

It is recognized that some type of cost accounting information will be necessary for proper management of such a large and diversified program as the Forest Products Service. There probably will be need for detailed costs relating to many phases of logging, processing, storing and marketing operations. However, no attempt will be made to prescribe a standard system at this time. Much information will be available from an analysis of the various Operating and Contingent accounting and Inventory records. In the field of cost accounting as well as fund accounting it will be the responsibility of the Assistant Director, Division of Finance and Banking, to meet and solve these problems as they arise. Perhaps one of the best avenues through which this type of information may be currently obtained is the Project records subsidiary to the regular accounting records, together with such analysis of time distribution as may be decided upon by the Administrator or Regional Forester.

The objective shall be to utilize the accounting facilities available to the maximum extent, bearing in mind that the job of the Division of Finance and Banking is to set up any auxiliary records necessary and to make available such statistical and analytical information as can be produced by the division to meet such needs as may arise in connection with the operation and management of the program. Competent and efficient clerical assistance is already difficult to obtain and such special activities as cost information which require the maintenance of formal records should if at all possible be centralized in the regional office so as to take full advantage of supervision and office equipment facilities available in the Finance and Banking Division.

Such cost accounting system as may be needed in the administration of FPS, in the field and in Washington, should be standardized for the Service as a whole. If and when such a need becomes apparent in the regions, Regional Foresters are requested to advise the Administrator and outline the fundamentals of the system they deem appropriate.

PERSONAL SERVICES

FPS - W.O.

(See Sections B and U for instructions as to authorizations, employment policies, etc.)

The same requirements as to compliance with regulations and rules of conduct as now covered in the Forest Service Manual will likewise be observed by all employees of the Forest Products Service.

Service Records:

Time reports for all short term and temporary employees in the regional and unit offices regardless of the fund from which salaries are paid will be prepared and submitted in the same manner as for regular F.S. employees.

As yet no administrative requirements have been decided upon as to time or functional classification. Special instructions covering this matter will be issued if and when necessary. However, for all employees paid from Trust Funds obtained through the "Hold Back" provision in loan agreements, purchase and sale contracts, the name and location of the site or concentration yard at which work is performed should be shown in order to have available data for any administrative cost analysis by sites or yards that may be desired.

All Time Reports should be approved by the superior officer of the employee.

Time Reports will be permanently filed in the Area or Regional office to which the employee is attached.

Salary Cards:

A salary card Form 21, similar to those now in use in the Forest Service, will be maintained in the regional Division of Finance and Banking for each employee paid from any fund under the administration of the Forest Products Service. This card will be complete in every respect and will show employment and payment data, including the fund from which paid, retirement, bond, taxes, or other deductions, and net amount paid. Such salary cards will be marked "FPS."

If possible to effect economy and saving in time, preparation of pay rolls may be accomplished in the regional office.

This has been possible elsewhere where addressograph or similar equipment is available. In such cases service certifications will be required from the unit office to support each pay roll. These certifications will list the employees, the period covered, state if the employees were in official pay status for the entire period and periods of L.W.O.P. indicated. Timeo-graphed forms may be provided for this purpose.

Retirement, War Bonds, Tax Deductions:

The Division of Finance and Banking will be responsible for maintenance of records and reports covering such items as retirement deductions, purchase of War bonds, deductions for taxes, Commissary, etc., as may be required, including reports of salary payments to the Treasury Department for income tax payments.

Leave:

All employees of the Forest Products Service, regardless of the appropriation to which the salaries are charged, are entitled to the benefits of the Annual and Sick Leave privileges in accordance with the applicable Regulations, depending upon the employment status of the individual.

All leave records will indicate Forest Products Service. In other respects the record and procedure as now prescribed in Forest Service Manual, Volume II, will be followed.

Employees Paid From Trust Funds:

Persons employed specifically to perform work payable from Trust Funds will be appointed under Letter of Authorization as "Agent (Scaler)", "Agent (Grader)", "Agent (Tallyman)", etc., without regard to Civil Service.

Regular Forest Service employees may be detailed or transferred to Trust Fund work without change in appointment title to "Agent".

Administrative Fund project employees appointed without regard to Civil Service requirements (under authority of Allocation Letter) may be temporarily assigned to Trust Fund work, not to exceed 60 Calendar days for any one assignment, without change in title to "Agent". (See Section S). If their services are required on Trust Fund work in excess of this time, or if indefinite transfer is desired, appointment status must be changed to that of "Agent".

The specific occupational designation as Scaler, Grader, Tallyman, etc., will be shown in parenthesis after Agent, as "Agent (Scaler)", "Agent (Grader)", etc., (See also GA-E2-2, F.S. Manual).

For details regarding employment requirements see Section S of this Handbook.

The Forest Products Service must be prepared to make a report, if required by the Civil Service Commission, covering all "Agent" employees employed over 60 days in any calendar year and paid from the Trust Fund. The employment and salary payment records must, therefore, be maintained in sufficient detail to provide the name, designation, compensation rate, place of employment and extent of employment within the calendar year. The salary cards which are maintained for other purposes will undoubtedly serve this purpose without change.

TRAVEL EXPENSE

FPS - W.O.

Only administrative and supervisory personnel paid from the Administrative Fund will be given continuing authorizations to incur traveling expenses.

Scalers, graders, etc., paid from Trust Funds will be given special or trip letters of authorization specifically defining the travel to be performed.

No letters of authorization will be issued payable from the Operating Capital Fund.

Letters of authorization will be issued by the Division of Finance and Banking upon Administrative request giving the pertinent information required for proper preparation of the authorization. Letters of authorization for scalers, graders, etc., paid from Trust Funds will be issued locally by the Area Foresters. If it is found necessary to delegate authority for issuance of letters of authorization by Area Foresters covering general FPS travel instructions to that effect will be issued by the Regional Forester.

The same system of numbering letters of authorization will be observed as is now provided for regular Forest Service L/A's with the exception that the letters "FPS" will prefix the serial number.

All such authorizations and reimbursement vouchers, transportation requests, etc., will otherwise be handled in the manner now prescribed in the F. S. Manual for regular appropriations with one exception. The variation is that travel expenditures payable from Trust Funds obtained through the "Hold-Back" provision in loan agreements, purchase and sale contracts, must show the name and location of the site or concentration yard benefiting therefrom.

The billing on Transportation Requests will be shown as "Division of Finance and Banking, Forest Products Service, _____" (give complete address of regional office). (Location)

TRANSPORTATION OF PROPERTY BY PUBLIC CARRIER

When property is procured for the Forest Products Service program, Government bills of lading will ordinarily be used; they will be overprinted "Commodity Credit Corporation - Forest Products Service" in lieu of the regular Forest Service printing.

The appropriation or fund chargeable will be shown in each case.

Government bills of lading paid from Administrative or Trust Funds will be handled through the Division of Finance and Banking similarly to those paid from regular Forest Service appropriations.

Government bills of lading or commercial common carrier bills to be paid from C.C.C. Capital Funds will be stated on FPS voucher forms and scheduled by the Division of Finance and Banking to the Federal Reserve Bank for payment in the same manner as other expenditures payable from the Capital Fund. (See "Payment Procedure".)

Government bills of lading or common carrier bills involving the Capital Fund must give the project or specific contract applicable.

Transportation of household goods may be paid from the Administrative Fund only. Such expenses are not payable from the Operating Capital Fund or the Trust Fund.

All Government bills of lading payable from FPS funds should give billing instructions at the top of the form: "Division of Finance and Banking, Forest Products Service, _____"(give complete address of regional office).

CLAIMS AND COMPENSATION FOR INJURY

FPS-W.O.

CLAIMS

Claims for damages arising from work conducted from Administrative and Trust Funds will be handled under the same laws and procedures as claims of the same nature arising on regular Forest Service work. The procedure is prescribed in Forest Service Manual, FC-N. Claims duly established and approved are payable from the Administrative Fund only.

Any claims arising in connection with contracts under the operating Capital Fund will be handled on the basis of contractual law, for determination by qualified law officers.

COMPENSATION FOR INJURY

Any Government employee, paid from the Administrative or Trust Fund, is eligible for the benefits conferred under the Compensation Act of 1916. Since the Forest Service Manual (FC-O) completely covers this subject it is not repeated here.

FISCAL CONSULTANT, AUDIT AND
INSPECTION SERVICE

FPS-W.O.

WASHINGTON OFFICE

Function of Fiscal Consultants

Fiscal Consultants are attached to the office of the Assistant Administrator, Finance and Banking, for the purpose of coordinating the fiscal management activities of the regions with the over-all objectives of the Forest Products Service program; to consult and advise the regions on policies and procedures as determined by the Administrator's office; to investigate systems and procedures particularly in the financial and accounting field for the improvement of various methods and training techniques; to assist the Chief of Division in the establishment of fiscal management plans and standards for Service-wide application; to perform other similar duties as more particularly outlined by the Assistant Administrator, Finance and Banking.

Function of Auditors

Auditors working out of the office of the Assistant Administrator, Finance and Banking will make periodic (semi-annually or oftener during initiation of the program) audits of Regional records, accounts, and financial statements. These audits will be on the order of those performed by bank examiners and will consist of a thorough verification of the completeness, accuracy and integrity of accounting records and financial statements through detailed check and analysis of entries and postings, and examination of supporting documents such as contracts, agreements, notes receivable, inventories, and collateral papers. This audit program will be independent of audits or checks which may be undertaken by or on behalf of the Commodity Credit Corporation.

AUDIT AND INSPECTION BY REGIONAL OFFICES

Because of the probable clerical turnover and the importance of clerical efficiency necessary to avoid delays and errors in handling the large number of transactions contemplated in the Forest Products Service program, it will be imperative that frequent fiscal inspections of each subordinate office be made. On such occasions particular attention is to be given to clerical training and office management requirements.

Detailed procedural outlines will be prepared for (1) regular audit and inspection, (2) clerical training for each clerical job in each unit office and (3) office management factors.

The objectives will be (1) -a complete audit and inspection of each subordinate office each six months for the first year at least and (2) a clerical training and office management inspection every three months for the first year.

The program in the regions will doubtless gain momentum after the initial organizational and sampling projects are launched. It is paramount that the clerical end of the program does not bog down in any way. In regions where the volume of business justifies, a special assistant to the Assistant Director, Finance and Banking, will be assigned, for the purpose of immediately supervising the voucher examination and accounting work in the Regional office and to assist the Assistant Director in the management of the fiscal and accounting functions region-wide. This officer will further assist the Assistant Director to develop simplifications in procedures and increase clerical efficiency by the application of thorough training steps in each phase of the several clerical jobs. The cooperation and advice of FPS training personnel will be utilized to the fullest extent in developing and applying the clerical training techniques.

CONTENTS - SECTION Y

1. Fiscal, Accounting and Miscellaneous Forms

Y-1

(a) Use of Forms FPS - 1 to 24

(b) Copies of Forms as follows:

Form FPS-1	Advice of Contract
" FPS-2	Delivery Order
" FPS-3	Transfer Order
" FPS-4	Log Scale Load Ticket
" FPS-5	Lumber Tally Load Ticket
" FPS-6	Softwood Lumber Tally
" FPS-7	Hardwood Lumber Tally
" FPS-8	Tally Sheet
" FPS-9	Log Receiving Summary
" FPS-10	Lumber Receiving Summary
" FPS-11	Log Delivery Summary
" FPS-12	Lumber Delivery Summary
" FPS-13	Forest Products Disbursement Voucher
" FPS-14	Disbursement Voucher
" FPS-15	Schedule of Disbursements
" FPS-16	Statement
" FPS-17	Remittance Receipt
" FPS-18	Schedule of Deposits
" FPS-19	Inventory Record
" FPS-20	Contract Record Card
" FPS-21	Blank
" FPS-22	Journal Voucher
" FPS-23	Allotment Letter
" FPS-24	Quota Accomplishment Report

CONTENTS - SECTION Y (Continued)2. Agreements and Other Legal FormsY-2

General instructions and
Copies of Forms as follows with
Statement of use for each:

Form	FPS-27	Application For Loan
"	FPS-28	Financial Statement (to accompany Form FPS-27)
"	FPS-29	Note
"	FPS-30	Loan Agreement
"	FPS-31	Processing and Loan Agreement (CCC's Timber or Products)
"	FPS-32	Timber Purchase, Option and Agreement
"	FPS-33	Sales Agreement (CCC's Forest Products)
"	FPS-34	Timber Sale Agreement
"	FPS-35	Purchase Agreement (Forest Products)
"	FPS-36	Loan and Purchase Agreement
"	FPS-37	Loan Agreement (Concentration Yard)
"	FPS-38	Chattel Lease Agreement (Owner)
"	FPS-39	Chattel Lease Agreement (Operator)
"	FPS-40	Real Property Lease
"	FPS-41	Release Notice
"	FPS*42	Processing Agreement (CCC's Timber or Products)
"	FPS-43	Bond
"	FPS-44	Lien Waiver
Unnumbered	-	Lumber Sale Bid (Sample form)
"	-	Modification Agreement (Sample form)

CONTENTS - SECTION Y (Continued)3. Optional Clauses for AgreementsY-3

<u>Title of Clause</u>	<u>Agreements Applicable</u>
Fire Protection Clauses	(Those involving cutting, (milling, or storage of (forest products.
Cutting Boundary Clause	(Those including Forest (Practice Standards where (boundary is not otherwise (clearly determinable.
Purchase Option and Application of Rental Payments	Form FPS-38
Acceleration of Output	Forms FPS-31 and 42
Material for Structures	" " " " "
Material for Yard Facilities	" " " " "
Waste Material	" " " " "

CONTENTS - SECTION Y (Continued)

4. Specifications, Certificates and Schedules for Agreements Y-4

<u>Title</u>	<u>Agreements Applicable</u>
Forest Practice Standards and Schedule of Liquidated Damages	Forms FPS-30,32,34,35, 36,37, and 39
Lumber Sawing Specifications	(When required in Forms (FPS-30,31,35,36,37, and 42
Lumber Piling (or Decking) Specifications	(Forms FPS-30,31,36,37 (and 42.
Lumber Handling Specifications	When required.
Certificate as to Liens	Forms FPS-30,36, and 37
Certificate as to Liens	Form FPS-35
Certificate as to Pledged Products	Forms FPS-30 and 36
Certificate as to Pledged Products	Form FPS-37
Operators Processing Certificate	Form FPS-31

CONTENTS - SECTION Y (Continued)

5. Sample Transactions

Y-5

- (a) A loan case, Form FPS-30
- (b) A purchase of forest products case, Form FPS-35
- (c) A lumber sale case, Form FPS-33

1. Fiscal, Accounting and Miscellaneous Forms
(a) Use of Forms FPS-1 to 4

Form FPS-1 - Advice of Contract

An Advice of Contract will be prepared by the Area Forester or other administrative officer to notify scalers, tally-men or other custodians of log landings, mill sites or concentration yards of contracts entered into for purchase of logs, lumber, or service to be delivered to the designated location. It will show contract number, name, and address of contractor and a complete description of the materials or services and such other information as may be necessary for the custodian to determine that delivery is in accordance with the contract. This form will be prepared in triplicate, the original being sent directly to the Custodian, the duplicate to the District Manager and the triplicate filed in the contract file in the Area Foresters office. (See Subsection X-2).

Form FPS-2 - Delivery Order

A Delivery Order prepared by the Area Forester will be the authorization for a custodian to deliver material for which he is accountable. The form will show contract numbers, a full description of the material, and complete information necessary to insure that delivery is completed in accordance with the contract. This form will be prepared in quintuplicate and handled as stated in Subsection X-2.

Form FPS-3 - Transfer Order

A Transfer Order will be used in every case involving transfer of products from one site to another for storage in the same form, transfer from one site to another for conversion into another form, and for conversion into another form at the same site. The form will be used to post the inventory and accounting records. To the delivery custodian, it serves as a delivery order, and to the receiving custodian it serves as an Advice of Contract for within service transactions. It will be prepared by Area Forester in seven copies and handled as stated in Subsection X-2.

Form FPS-4 - Log Scale Load Ticket

The Log Scale Load Ticket will be prepared by the scaler in triplicate to record each load of logs received at and delivered from a storage site, whether delivery is on a transfer

order or a purchase, sale, or hauling contract. In case the delivery involves both a purchase or sale and a hauling contract, a separate ticket will be made for each contractor. Tickets covering a hauling contract may be confined to the information required for computing the amount due the hauler. Instructions for handling are stated in Subsection X-2.

Form FPS-5 - Lumber Tally Load Ticket

The Lumber Tally Load Ticket will be a form used in the same manner as the Log Scale Load Ticket. It will be used to record the receipt and delivery of lumber at a storage site.

Form FPS-6 - Softwood Lumber Tally

This form will be used to tally softwood lumber delivered as it is produced at the sawmill or under other conditions where tallying is necessary.

Form FPS-7 - Hardwood Lumber Tally

This form will be used to tally hardwood lumber delivered as it is produced at the sawmill or under other conditions where tallying is necessary.

Form FPS-8 - Tally Sheet

The Tally Sheet is a miscellaneous tally form for use to tally lumber or other products in lieu of other forms when this form will more conveniently serve the purpose.

Form FPS-9 - Log Receiving Summary

The Log Receiving Summary will be used by the Area Forester to summarize the Log Scale Load Tickets covering deliveries of logs received at individual sites under each purchase contract or transfer order. When properly certified it will serve as the payment voucher. Instructions for use are stated in Subsection X-2 and X-5.

Form FPS-10 - Lumber Receiving Summary

The Lumber Receiving Summary will be used by the Area Forester to summarize Lumber Tally Load Tickets, Softwood Lumber Tally sheets, Hardwood Lumber Tally sheets, and Tally Sheets covering receipt of lumber by the Service. Procedure for handling is the same as for Form FPS-9 above.

Form FPS-11 - Log Delivery Summary

This form will be used by the Area Forester to summarize Log Scale Load Tickets or scale book records of logs delivered in accordance with Delivery Orders and Transfer Orders. The form may also be used to summarize log scale records covering hauling contracts. Instructions for use are stated in Subsection X-2.

Form FPS-12 - Lumber Delivery Summary

This form will be used by the Area Forester to summarize Lumber Tally Load Tickets, Softwood Lumber Tally sheets, Hardwood Lumber Tally sheets, and Tally Sheets covering deliveries of lumber authorized by Delivery Orders and Transfer Orders. It will be processed as stated in Subsection X-2.

Form FPS-13 - Forest Products Disbursement Voucher

This form may be used for vouchering purchases of all types of forest products. Where use of Forms FPS-9 and 10 for this purpose is not practicable. Instructions are stated in Subsection X-5.

Form FPS-14 - Disbursement Voucher

The Disbursement Voucher will be used to voucher all payments other than for forest products.

Form FPS-15 - Schedule of Disbursements

This form will be used by the Regional Office to schedule vouchers to the Federal Reserve Bank for payment. See instructions in Subsection X-5.

Form FPS-16 - Statement

This form is for the purpose of rendering statements showing the status of individual accounts. If there is a balance due the Government, it will serve as a bill. In the event a refund is due an individual, the statement will serve as advice that a check is being forwarded. Prepare in quadruplicate (See Collections Subsection X-4).

Form FPS-17 - Remittance Receipt

This form will be used to acknowledge receipt of remittance in cases where it is not practicable to receipt an itemized statement and return it to the remitter promptly, as in a case where

purpose of remittance is not known at time it is received. (See "deferred Application of Remittances", Subsection X-4).

Form FPS-18 - Schedule of Deposits

The Schedule of Deposits is merely a letter of transmittal used to transmit remittances to the Federal Reserve Bank for collection and deposit. (See "Processing Collections", Subsection X-4).

Form FPS-19 - Inventory Record

This is a card form to be maintained in the Division of Finance and Banking as a perpetual inventory record of volume and value of forest products owned by the Corporation and on hand at the various yards and sites. It also shows total volume and value of products purchased and sold by the Corporation. (See Section W).

Form FPS-20 - Contract Record Card

Card form in two colors, white and yellow to be prepared by Division of Finance and Banking for each contract as received. Original (white) will be retained by Finance and Banking and copy (yellow) will be sent Area Forester. Serves as summary index record of contract and also as audit and payment record. (See Subsection X-5).

Form FPS-21 - Blank

Form FPS-22 - Journal Voucher

For use in Division of Finance and Banking upon which to state transactions involving adjustments or transfers in the accounting records not supported by other vouchers or papers.

Form FPS-23 - Allotment Letter

For use by Chief, Division of Finance and Banking, Washington Office, in making changes in allotments of Administrative Funds to Regions or other service units, is directed by the Administrator.

Form FPS-24, Quota Accomplishment Report

This form will be used in preparing the report at the time, and in the manner prescribed therefore in Section W.

U.S. Department of Agriculture
Commodity Credit Corporation
Forest Products Service
at

ADVICE OF CONTRACT

Date _____

Contract No. _____

Type of
Contract: _____Name
Address

Storage Site Name and No. _____

Species, grade, dimensions, etc., to be delivered

Volume

(Signature)_____
(Title)

Log Scale Load Ticket

<u>Delivery Point</u>		<u>Date</u>
<u>Contractor</u>		<u>Contract No.</u>
<u>Address</u>		<u>Purchase-Sale</u>
		<u>Hauling</u>
<u>Hauler</u>		<u>Load No.</u>
<u>Hauled From:</u>		<u>Transfer or</u>
		<u>Delivery Order No.</u>

Log No.	Species	Gr.	Net Volume	Log No.	Species	Gr.	Net Volume
1				Subtotal Forward			
2				15			
3				16			
4				17			
5				18			
6				19			
7				20			
8				21			
9				22			
10				23			
11				24			
12				25			
13				26			
14				27			
Subtotal				Total			

I certify that _____ logs of the species, grade and volume itemized above have been delivered as indicated hereon.

(Date)

(Hauler)

(Scaler)

NOTICE TO CONTRACTOR: This is statement on which settlement will be made. Copy of voucher showing inclusive dates covered by payment will accompany check mailed by Federal Reserve Bank.

Softwood Lumber Tally

This form is 11" x 16", ruled vertically and horizontally in such manner as to provide blocks for tallying lumber by lengths and dimensions for specified species and grades. A supply will be printed and furnished but due to size it is not reproduced in the Handbook.

Hardwood Lumber Tally

This form is approximately 11" x 16", ruled in quadrats and arranged in blocks of numbered lines to facilitate tallying of numerous species, lengths, dimensions, etc., A supply will be printed and furnished but due to size it is not reproduced in the Handbook.

Tally Sheet

This is a blank, vertically ruled form, of multifolding type, for use as desired for miscellaneous lumber tallying purposes. A supply will be printed and furnished but due to size it is not reproduced in the Handbook.

U. S. Department of Agriculture
Commodity Credit Corporation
Forest Products Service
at

No. _____

LUMBER RECEIVING SUMMARY

Contractor _____ Contract No. _____ Site No. _____
Address _____ Transfer Order No. _____ Site Name _____
Received - Period _____ To _____ Inclusive _____
Tally Sheet Nos. _____
Load Nos. _____

Species	Thickness							Total
	Width and Length							Bd. Ft.
Grade								
Totals								

Species	Thickness							Total
	Width and Length							Bd. Ft.
Grade								
Totals								

Species	Thickness							Total
	Width and Length							Bd. Ft.
Grade								
Totals								

Totals								Total
Rates								Amount
Amounts	\$	\$	\$	\$	\$	\$	\$	xxxx

I certify that the above statement is correct and just;
that payment therefor has not been received and that
the deliveries were in accordance with the terms of the
agreement.

Total certi-
fied amount \$

Differences: _____

(Date) _____

(Contractor) _____

By _____

(Title) _____

Amount ap-
proved for: \$

I certify that the forest products itemized above have been received under my super-
vision; that the grades and quantities are correct and that the amount of this vou-
cher is correct and payable from funds of the Corporation.

Place: _____

(Signature) _____

Date: _____

(Title) _____

REMITTANCE RECEIPT

No. _____

Date _____

Contract Co.

Loan No.

Description of Remittance

Amount

Total

For Administrative Use

Apply as follows:

Amount

(Signature)

(Title)

Schedule No. _____
Date _____

SCHEDULE OF DEPOSITS

Federal Reserve Bank, CUSTODIAN

Please return carbon copy showing date of availability of the funds.

[illegible]

The checks and other cash items itemized above are submitted for collection and credit for the account of the Commodity Credit Corporation Symbol 13-890.

Authorized Certifying Officer

INVENTORY RECORD

Area: _____ Site: _____

(Description or Dimension)

Unit of Measure: _____

Commodity: _____

Species: _____

Date	Posting Media	QUANTITY			VALUE		
		Purchase and Tfr.In	Transfers Out	Sales	Purchase and Tfr.In	Transfers Out	Sales (Dollars)

(This is a 5" x 8" card form - to be printed on both sides)

No form bearing this number has been provided.

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST PRODUCTS SERVICEFPS
ACCOUNTING
Allotments

ALLOTMENT LETTER

To:

The sum or sums appearing in the "Total to Date" column represent the total _____ to your unit for the fiscal year 194_ from the appropriation subappropriation, or fund indicated.

Title and Symbol No.

Amount

Total to Date

Purpose:

If your total allotment or authorization under any appropriation, subappropriation, or fund is exceeded without written authority previously obtained from this office, provision will not be made for the overdraft, unless (1) there is money available in the appropriation, subappropriation, or fund concerned, and (2) satisfactory explanation is furnished for failure to secure in advance the necessary increase.

By direction of _____.

Chief, Division of Finance and Banking

By _____

Chief Fiscal Officer

(For instructions See Section W2)

AGREEMENTS AND OTHER LEGAL FORMS

This sub-section is composed of copies of standard agreement forms for all foreseeable loan, purchase, sale, processing, and rental transactions.

Preceding each form is a statement of such special instructions, explanations, and considerations as should be given particular attention in preparing agreements.

This sub-section together with the two following sub-sections ("Optional Clauses for Agreements" and "Specifications, Certificates and Schedules for Agreements") constitute the prescribed procedures and standards to be followed in entering into agreements, supplemented by the policies set forth in other sections of the Handbook.

Preparation

Unless otherwise specified with respect to a particular form of agreement, agreements will be prepared in triplicate and the original and the duplicate copy will be executed by the parties thereto. See Sub-section X-5 of this Handbook. Optional clauses or other provisions desired which are not included in the standard form may be added as additional paragraphs in any blank spaces, or on additional page (s) to be inserted, above the signatures of the parties signing the agreement, prior to execution. Any eliminations or alterations in the printed provisions of the agreement must be initialed by each person signing the agreement.

Exhibits

The lettered exhibits referred to in agreements form a very important part of them. At the end of this sub-section will be found a table showing the subject of the various exhibits and the letter assigned to each in each contract form to which it relates. Each exhibit must always be drawn to fit the case at hand. The samples given in sub-section Y-4 are illustrative only of the nature and form. Care should be used to insure their completeness for the purpose intended. Samples of some of the simpler Schedules containing kinds, species, dimensions, estimated quantities, and prices to be paid are not included as they are self-explanatory.

Each exhibit or other attachment referred to in an agreement should be clearly identified with the agreement to which it relates, in the following manner:

"EXHIBIT ____ A ____, to accompany _____
 _____ (Name of agreement, such as
 _____ between Commodity Credit Corporation
 "Loan Agreement," etc.)
 and _____ dated
 _____ (Name of Borrower, Operator, etc.)
 _____."

 _____ (Date of execution)

The last page of each Exhibit should be dated and initialed by each person signing the agreement. All exhibits relating to an agreement should be securely stapled to the back of the agreement.

Optional Clauses

A few optional clauses, the need for which is foreseen, are shown in Sub-section Y-3. Others undoubtedly will be found necessary to meet local situations. Care should be used that those involving legal aspects are approved by legal officers in advance of usage..

Mortgages

When a mortgage is required to secure a loan (See Section G), it should be drawn by the Regional Attorney in the form required by the State involved.

Modifications - Changes

The ultimate in agreement forms, optional clauses, etc., must be developed through experience. No changes in principle or legal effect should be made in any of the agreements or clauses without the Regional Attorney's approval. Regions should recommend to the Washington Office such permanent changes as they believe should be made in standard forms and clauses. In this way only can satisfactory standard forms be developed.

Modifications of executed agreements should be handled as stated with respect to sample Modification of Agreement form included herein.

Recording

All mortgages and all agreements containing options to purchase standing timber or real property should be recorded, in the County in which the property is situated, promptly upon execution. (See "Recording Fees", Sub-section X-5)

Legal Assistance

All legal problems and required instruments not fully covered by these instructions and forms should be referred to the Regional Attorney or his representative prior to execution of the agreement by the contracting officer.

Authority to Execute

The Regional Forester will establish the authorities of contracting officers to execute agreements, subject to the limitations stated in Sections F, G, and R of this Handbook.

Form of Execution by Contractor

Witnesses will be required only on the documents which provide spaces therefor.

The form of execution shown below should be followed where contractor is a Copartnership or a Corporation except when the instrument is to be recorded in which case the form of acknowledgment required by the State in which it will be recorded should be used.

If the Contractor, etc., is a copartnership (Doe & Roe
the form of signature should be- (By: John Doe
A member of firm

If the Contractor, etc., is a corporation (XXZ Company
the form of signature should be - (By: John Doe
and the following certificates (President (or other of-
should be executed: ficer or agent)

Certificate for Execution of Agreement
Etc., by a Corporation

I, _____, certify that I am _____
Secretary of _____, the corporation named in the
(Name of Corporation)
attached _____; that _____ who
(Agreement, Waiver, etc.) (Name of Officer)
signed the instrument on behalf of the corporation was then _____
(Title)
_____ of said corporation; that said instrument was duly
signed for and in behalf of said corporation by authority of its
governing body and is within the scope of its corporate powers.

This ____ day of _____, 194____.

(Corporate Seal)

(Name)

(Title)

Certificate of Contracting Officer

I hereby certify that, to the best of my knowledge and belief, based upon observation and inquiry, _____,
who signed this contract for the _____,
had authority to execute the same, and is the individual who signs similar contracts on behalf of this corporation with the public generally.

Contracting Officer

FORM FPS-27, APPLICATION FOR LOAN
FORM FPS-28, FINANCIAL STATEMENT

Instructions for Use

(See Section G)

Form FPS-27, Application for loan, completely filled out and executed by applicant, must be secured in each case prior to the preparation and execution of a loan agreement on Form FPS-30, 31, 36, or 37.

Form FPS-28, Financial Statement, is primarily a companion form to Form FPS-27. A Financial Statement should be required when the financial ability of the applicant to assume the obligations of the loan is not apparent and commonly known by reputation. This may depend upon the size and duration of the loan and the nature of the operation. Regional Foresters will establish policies in this regard, including authorizations for approval of loans.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

APPLICATION FOR LOAN
by

(applicant)

(complete address)

1. Applicant hereby applies to Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service"), for a loan of not to exceed \$_____.

2. Applicant agrees that the loan shall be used for the following purposes:

3. Applicant offers as security for the loan the following:

and represents that such security is free and clear of all liens and encumbrances except those in favor of the following lienholders:

4. Applicant is engaged in the business of _____

5. Applicant agrees to execute notes, mortgages and other documents and to pledge, mortgage or otherwise encumber its property as required from time to time by Corporation and to comply at all times with the practices, procedures, rules and regulations that may be prescribed by Corporation in connection with the loan.

6. Applicant attaches hereto, as part of this application the following:

Exhibit "A" - Form FPS-28, Financial Statement.

(If applicant is a corporation)

Exhibit "B" - Certified copy of resolution of Applicant's Board of Directors authorizing the filing of this application for, acceptance of, and execution of instruments necessary to secure the loan.

Exhibit "C" - Certificate, by applicant's Secretary, under the seal of the corporation, stating that the corporation is authorized to carry out the purposes for which the loan is requested.

7. All statements herein and in the exhibits attached are statements of fact and representations made for the purpose of obtaining the loan and are warranted correct, and this application is made with full knowledge of the provisions of Section 35 of the Criminal Code of the United States. 1/

This _____ day of _____, 194_____.

(Applicant)

1/ Section 35 reads, in part, as follows:

"*** whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of American is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

FINANCIAL STATEMENT

(To accompany "Application For Loan" as a part thereof)

Financial Statement of _____

(Name; if corporation or copartnership, see below)

(If corporation: A corporation organized and existing under the laws of the State

of (name of State), having an office and principal place of business at (name of city
or town)If copartnership: (Name of partner) and (name of partner), partners, doing
business under the firm name and style of (firm name.)

ASSETS

1. Property:

(a) Lands and stumpage-

	VALUE
_____ acres nontimbered or cut-over land	\$ _____
_____ " timbered land	_____
* _____ " mill site (include pond site, if any)	_____
* _____ " mill yard	_____
_____ M ft. stumpage (on land not owned)	_____
_____ rights of way, easements, etc.	_____
_____ Total	_____

(b) Buildings and structures, including machinery and fixtures-

	VALUE
_____ Sawmills	\$ _____
_____ Planing mills	_____
_____ Dry kilns	_____
_____ Other buildings and structures	_____
_____ Total	_____

(c) Equipment-

	VALUE
_____ head of	\$ _____
_____ " "C	_____
_____ auto trucks	_____
_____ engines used in logging	_____
Other logging equipment	_____
_____ Total	_____

(d) Merchandise and forest products-

	VALUE
Merchandise and supplies	\$ _____
_____ M ft. B.M. logs	_____
_____ M ft. B.M. lumber	_____
Other forest products	_____
_____ Total	_____

*Mill and yard sites may be grouped if desired.

2.	Cash		\$	
3.	Capital stock subscribed but not paid in			
4.	Notes receivable:			
	(a) Secured	\$		
	(b) Unsecured			
5.	Accounts receivable:			
	(a) Past due	\$		
	(b) Due			
	(c) Not due			
6.	Sinking fund			
7.	Other assets. (List by items below.)			
	Total assets			

(Items 1, 2 and 6 apply only to corporations)

- | | | | |
|----|---|-------|----------|
| 1. | Capital stock: | | |
| | (a) Paid in | _____ | \$ _____ |
| | (b) Subscribed | _____ | \$ _____ |
| 2. | Bonds | _____ | _____ |
| 3. | Mortgages | _____ | _____ |
| 4. | Notes payable | _____ | _____ |
| 5. | Accounts payable | _____ | _____ |
| 6. | Surplus | _____ | _____ |
| 7. | Other liabilities. (List by items below.) | _____ | _____ |
| | | _____ | _____ |
| | | _____ | _____ |
| | Total liabilities | _____ | _____ |

TIMBER LAND AND STUMPAGE OWNED

[illegible]

REFERENCES

(At least three should be given, preferably banks.)

NAME

ADDRESS

MISCELLANEOUS

1. Give basis of this financial statement, whether inventory or estimate _____
By whom made and date _____
2. Are you the indorser of outstanding paper of any person? _____
If so, to what amount? \$ _____
3. Have your books been audited by a certified public accountant? _____
When? _____ By whom? _____

CERTIFICATE

(To be executed by corporations or partnerships.)

We, the undersigned, general officers (or members) of _____

(Name of corporation or partnership.)

each for himself certifies that to his best knowledge and belief the foregoing financial statement is true and correct in each and every particular, and that it covers all of the financial affairs of said company (or firm) up to and including _____

(Date)_____
(Signature)_____
(Title)_____
(Signature)_____
(Title)

CERTIFICATE

(To be executed by individuals)

I certify that to the best of my knowledge and belief the foregoing financial statement is true and correct in each and every particular.

(Signature of individual or agent.)

FORM FPS-29, NOTE

Instructions for Use

Form FPS-29 is the Note which each Borrower must sign at the time loan agreement on Form FPS-30, 31, 36, or 37 is executed. The executed Note shall be attached to the agreement as Exhibit "A" in each case.

The Note is made out in the full amount of the loan as stated in paragraph 1 of the agreement. Advances on the loan are then made as requested, subject to the provisions of the loan agreement.

Advances made under the loan and repayments of principal and interest shall be posted to the back of the Note, thus showing thereon at all times the Borrower's indebtedness under the Note.

FPS-W.O.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

N O T E

\$ _____ (Date) _____, 194__

On or before _____, or upon such earlier date as Commodity Credit Corporation may make demand, for value received, _____ promises to pay to the order of Commodity Credit Corporation, at _____

_____, *the principal sum of _____ Dollars (\$ _____) plus interest on the amount owed at any time, computed at the rate of three per centum (3%) per annum.

This note is subject to the terms and conditions of the _____ Agreement entered into on the (Loan, Loan and Purchase, etc.)

_____ day of _____, 194__,
between _____
and Commodity Credit Corporation.

(Borrower)

(Borrower's Complete Address)

*Note: Remittance to be mailed to Assistant Regional Director
Division of Finance and Banking, U.S. Forest Service _____,
_____.

[illegible]

FORM FPS-30 - LOAN AGREEMENTInstructions for Use

Form FPS-30 is to be used when a loan is made to the Borrower for operating expenses or the purchase of timber or other raw forest products for processing. The principal security for the loan is the pledge of processed forest products delivered or to be delivered to the FPS coupled with the optional right (paragraph 8) to purchase the products. This contemplates that the initial advance under the loan would be made before the Borrower manufactures and delivers products as pledged security.

The specific purposes for which the loan may be used shall be indicated in paragraph 2.

Care should be taken to make certain that the Borrower will deliver pledged products within the shortest possible time after the advance is made. The time fixed for the initial delivery shall be shown in paragraph 5. At no time during the period the agreement remains in force shall the outstanding unsecured indebtedness exceed \$5,000.

The loan may be made in one or more installments as requested by the Borrower and approved by the FPS. As evidence of the loan, the Borrower will be required to execute a note on Form FPS-29 to be attached as Exhibit "A". Advances to and payments from Borrower thereunder shall be entered, as made, in the spaces provided on the reverse side of the note form. In no case shall the amount of unpaid balance of principal and interest exceed 90 percent of the appraised end value of the products to be produced therewith.

The Borrower should be requested to execute a chattel mortgage as provided in paragraph 3 (c) (ii) whenever it appears that the interests of the FPS would not be protected adequately without one. Since chattel mortgage forms differ materially between states the Regional Attorney should be requested to prepare, or approve in advance, any such chattel mortgage form utilized.

Whenever the advance, or any part thereof, is to be used by the Borrower to buy forest products to be processed, the Borrower should authorize and direct the Corporation to pay the necessary part of the advance to the Borrower's vendor in accordance with paragraph 3 (c) (iii).

The fee to be paid by the Borrower under paragraph 4 shall be at the rate determined by the Regional Forester as the approximate cost to FPS of performing the service provided for, under the conditions obtaining (see sections B and X-1). The amount to be deducted from each advance will be the rate multiplied by the estimated quantity of forest products to be processed as certified in the certificate made in accordance with paragraph 3(a).

There will be no subsequent adjustment of the deducted fee to the volume actually processed. Form FPS-41 shall be used whenever pledged products are released to the Borrower in accordance with the terms of the loan agreement. It is of utmost importance that this form be completely accomplished in connection with each such release.

Exhibits "A", "B", "C", "D", "E", "F", and "G", except those not required or utilized in a particular case, must be attached to each loan agreement.

See Y-3, Optional Clauses for Agreements.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

LOAN AGREEMENT

THIS AGREEMENT, made and entered into between the Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation") acting by and through the United States Forest Service (hereinafter called "Forest Service"), and

_____ of _____,
State of _____ (hereinafter called "Borrower"):

W I T N E S S E T H:

WHEREAS, Borrower desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian purposes,

NOW, THEREFORE, in consideration of the covenants and agreements herein, the parties hereto agree as follows:

1. Corporation agrees to make a loan to Borrower in an amount not to exceed

_____ Dollars (\$_____):
Such loan shall be evidenced by a note, attached hereto as Exhibit "A", payable upon demand, but in no event later than _____

_____, and shall bear interest on the amount owed at any time computed at the rate of three per centum (3%) per annum. The loan shall be secured by a pledge of forest products described in Exhibit "B" attached hereto and made a part thereof, in the manner described in paragraphs 5 and 6 of this agreement and such additional security as Corporation may require.

2. The proceeds of the loan made under this agreement shall be used exclusively for the following purposes:

3. Advances under this agreement shall be made upon Borrower's written request in such form and with such certifications as may be prescribed by Corporation; such requests shall be

directed to _____, United
(title)
States Forest Service, _____, and
(address)
accompanied by:

- (a) A certificate issued by a representative of Corporation describing the kinds and dimensions, by species; the estimated quantity and the appraised end value of the forest products delivered or to be delivered to the storage yard designated in paragraph 5 as security for the loan under this agreement and
- (b) A certificate by Borrower that the forest products to be delivered are free and clear from all liens and encumbrances or a Lien Waiver as required by paragraph 7.
- (c) In the event any advance is used by Borrower to purchase forest products for processing
 - (i) A copy of Borrower's contract of purchase.
 - (ii) A chattel mortgage in favor of Corporation, if so requested in form approved by Corporation, covering such forest products.
 - (iii) A statement of Borrower directing payment of the advance to Borrower's vendor.

The amount of any advance shall not exceed ninety percent (90%) of the appraised end value, as determined by Forest Service, of the forest products securing such advance. Upon approval of such requests by Corporation payment of the applicable advance shall be made to or as directed by Borrower.

4. It is understood and agreed that _____
(cruising, marking,
_____ of all forest products covered by
grading, scaling or tallying)
this agreement shall be done by representatives of Corporation and shall be binding on all parties hereto. The cost of such service is to be borne by Borrower at the rate of _____ per _____
(amount) (MBF, cord, etc.)
on the basis of the estimated quantity of the forest products, against which such advance is made, as determined by Forest Service. Borrower hereby authorizes and directs Corporation to deduct such costs from each advance under this agreement.

5. The forest products processed by Borrower with funds obtained under the terms of this agreement shall conform to the specifications with respect to kinds, species, dimensions, and estimated quantity set out in Exhibit "B" attached hereto. Borrower shall deliver possession to Corporation of all forest products processed under this agreement, and such processed forest products shall be piled or decked by and at Borrower's expense in the manner prescribed in the attached Exhibit "C", at the following described storage yard (s): _____

Such deliveries shall begin on or before _____, 194____, and be maintained at the rate of not less than _____ (MBF, cords, etc.) during each _____ of operation under this agreement. (wk,mo.,etc.)

6. Such products shall be held under pledge to secure payment of the loan made under this agreement. Borrower, on or before the loan becomes due and payable, may redeem for such uses as may be approved by Corporation part or all of such products remaining under pledge to Corporation at the time of such redemption, upon the payment to Corporation of the amount owed with respect to such products redeemed, plus accrued interest on the entire amount owed Corporation at the time of such redemption. It is mutually understood and agreed that whenever the appraised value of such forest products under pledge, as determined by Forest Service, exceeds 112 per centum (112%) of the entire amount owed including interest, Corporation shall, upon request of Borrower, select and release, for such uses as may be approved by Corporation, a part of the pledged forest products equal in value to such excess.

7. All forest products delivered to the storage yard(s) shall be free from all liens and encumbrances except in favor of the lienholders who have executed Lien Waiver on the form attached hereto as Exhibit "D".

8. Borrower hereby grants to Corporation an option to purchase part of all of the forest products processed under this agreement, upon payment by Corporation to or as directed by Borrower, of amounts computed on the basis of the Schedule of Prices, attached hereto as Exhibit "E"; Provided, that Corporation shall set-off against any such payments the amount owed Corporation by Borrower including interest thereon.

9. Upon the maturity and nonpayment of the loan made under this agreement, or if, within _____ days from the date of a request by Corporation for an acceleration of the redemption and marketing of pledged forest products, such redemption and marketing are not increased to the satisfaction of Corporation, Corporation is authorized to place all or any part of the pledged forest products in any pool or pools with any other forest products held by Corporation and, wither by pool or separate contract, or otherwise, to sell, assign, transfer, and deliver such forest products, or documents evidencing title thereto, at such time, in such manner, for cash or upon such terms and conditions as Corporation may determine, directly, or through any agency, at public or private sale, for immediate or future delivery, and without demand, advertisement, or notice of the time and place of sale or adjournment thereof, or otherwise; and upon such sale, Corporation may become the purchaser of the whole or any part of such forest products. After deducting all fees, costs, and expenses incident to insuring, carrying, handling, marketing (including delivery), or otherwise dealing with such forest products and accounting for the proceeds thereof, including reasonable attorney fees, Corporation shall apply the residue of any sales proceeds toward the repayment of said loan returning the overplus, if any, only to Borrower, without right of assignment to or substitution of any other party.

10. Borrower hereby agrees that, subject to existing contracts, owners of _____ used in processing forest
(stumpage, logs, etc.)

products under this agreement shall be paid therefor by Borrower, or by those from whom or through whom Borrower purchases the same, at prices not less than those set out in Exhibit "F" attached hereto. Upon the failure of Borrower, or any person from whom or through whom Borrower purchases said _____ to pay the
(stumpage, logs, etc.)

owners thereof the prices set out in Exhibit "F", Corporation is hereby authorized to pay to such owners for the account of Borrower the difference between the prices actually paid and the prices set out in Exhibit "F" and to charge as an advance on the loan made hereunder any money paid by Corporation under this provision.

11. (a) Borrower represents that Borrower and any third party or parties with which Borrower may transact business under contract or otherwise pursuant to this agreement, shall conduct forest operations, including but not **limited** to selecting trees for cutting, felling trees, transporting, and similar other logging and processing operations pursuant to the provisions of Exhibit "G" attached hereto; Provided, that Borrower shall not be liable for misrepresentation by reason of any violation of this paragraph 11 by a third party, or parties, if Borrower could not have avoided such violation by utilizing all the information available to Borrower.

(b). Any violation of this paragraph 11 by Borrower, or any third party or parties described in part (a) of this paragraph 11, with regard to the forest and other operations described in Exhibit "G" hereto, shall constitute a breach of a material condition of this agreement; in which event Corporation shall have the right, at its option, either to (i) terminate this agreement upon appropriate notice to Borrower, or (ii) recover from Borrower, as liquidated damages (not as a penalty) at the rates specified in Exhibit "G", or (iii) terminate this agreement and recover such liquidated damages.

12 Borrower, in conducting operations under this agreement, shall comply with the Fair Labor Standards Act (29 U.S.C. 201-19), to the extent such Act applies to operations under this agreement, and, in the event any of such operations are performed by a contractor or subcontractor, Borrower shall require like compliance by such contractor or subcontractor.

13. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

14. Borrower represents that Borrower has full knowledge that Corporation will rely upon this agreement in making a loan to Borrower and that any misrepresentation or other fraudulent conduct of Borrower will render Borrower subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80).^{1/}

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate, this _____ day of _____, 19____, at _____.

COMMODITY CREDIT CORPORATION
Acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Official Title)

(Borrower)

^{1/} Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

FORM FPS-31 - PROCESSING AND LOAN AGREEMENT

Instructions for Use

Form FPS-31 is to be used when FPS contracts with an Operator to process CCC-owned timber or products and makes a loan to the Operator to meet operating expenses in connection therewith.

The Area representative of the Corporation must attach to each request for an advance certificate required by paragraph 3(a). The amount of each advance under the agreement should be calculated with care and should never exceed the estimated cost incident to the operations it is to cover.

There shall be deducted from the initial advance in accordance with paragraph 5 an amount equal to the estimated cost to the FPS of cruising and marking when required and of grading, scaling and tallying the forest products to be processed under the agreement by the Operator. See Sections B and X-1. The fee shall be the rate determined by the Regional Forester as the approximate cost to FPS of performing the service stated, under the conditions obtaining, multiplied by the estimated volume of products to be processed under the agreement. There will be no subsequent adjustment of the fee to the volume actually processed.

Discriminating judgment should be exercised in fixing the date at which delivery of products is to begin and the periodic rate at which delivery shall be maintained during the life of the agreement.

Pursuant to paragraph 7, there shall be withheld from each payment due the Operator the prescribed amount per unit or percentage of the gross payment until the stipulated amount has accumulated to guarantee faithful performance of the agreement. This sum serves as a performance bond increasing in value as processing progresses, and shall be paid to the Operator only upon complete performance.

Exhibits "A", "B", and "C", except those not required or utilized in a particular case, must be attached to the agreement.

See Y-3, Optional Clauses for Agreements.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

PROCESSING AND LOAN AGREEMENT
(CCC's Timber or Products)

THIS AGREEMENT, made and entered into between the Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service") and _____

of _____,

State of _____ (hereinafter called
"Operator"):

WITNESSETH:

WHEREAS, Operator desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian purposes:

NOW, THEREFORE, in consideration of the covenants and agreements herein, the parties hereto agree as follows:

1. Corporation agrees to pay to Operator for processing forest products in such quantity and manner as prescribed in Paragraph 4 of this Agreement. In order to enable Operator to proceed with such processing, Corporation agrees to loan to Operator, as an initial advance of the processing payment, not to exceed

_____ Dollars (\$ _____),
which shall be evidenced by a note, attached hereto as Exhibit "A", payable upon demand, but in no event later than _____

_____, and bear interest at the rate of three percentum (3%) per annum on the amount owed.

2. The proceeds of the loan made pursuant to Paragraph 1 of this agreement shall be used exclusively to pay the costs incident to operations performed under this agreement.

3. Loan advances pursuant to paragraph 1 of this agreement shall be made only upon the Operator's written request therefor in such form as may be prescribed by Corporation; such request shall be directed to _____, United States Forest Service,
(title)

_____, and accompanied by:
(address)

- (a) A certificate issued by a representative of Corporation that the loan advance requested plus any such advance outstanding will not exceed the sum of five thousand dollars (\$5,000.00).
- (b) A certificate by Operator as to the estimated quantity of forest products to be processed therewith.

In any event the total amount of such advances shall not exceed the estimated operating costs incident to processing operations to be performed under this agreement. Upon approval of such requests by Corporation, payment of the applicable loan advance shall be made to or as directed by Operator.

4. Operator agrees to haul Corporation's _____,
(logs, etc.)

containing approximately _____ from _____
(MBF, etc.) Name and Number of Site

located at _____, to Operator's mill located

_____, or at such other site as

may be designated by Corporation, and to process the _____
(logs, etc.)

into forest products of the kinds and dimensions and in accordance with the instructions of Exhibit "B" attached hereto and made a part hereof.

Corporation shall pay Operator for processing services performed under this agreement the following rates:

5. It is understood and agreed that _____
 _____ (cruising, marking, _____
 _____ of all timber and forest products covered
 grading, scaling and tallying)
 by this agreement shall be done by representatives of Corporation
 and shall be binding on all parties hereto. _____
 _____ (Scaling or _____
 _____ shall be according to _____ rule(s).
 grading)

Operator shall pay for such services a fee of _____
 dollars (this being a flat fee with no adjustment to final scale and
 is calculated on the basis of \$ _____ per _____
 _____ (MBF, cord, etc.)
 for the estimated quantity of timber or forest products upon which
 such services will be performed as set out elsewhere in this agree-
 ment) and hereby authorizes and directs Corporation to deduct this
 amount from the loan advance(s) made to Operator under this agree-
 ment.

6. Operator shall deliver possession to Corporation of all
 forest products processed under this agreement. Such processed for-
 est products shall be piled or decked by and at Operator's expense
 in the manner prescribed in Exhibit "C" attached hereto, at the
 following described storage yard(s) _____.
 Such deliveries shall begin on or before _____, 194____,
 and be maintained at rate of not less than _____ during each
 _____ (MBF, etc.)
 _____ of operation under this agreement.
 (week, month)

7. Whenever not less than _____ of _____
 _____ (MBF, etc.) _____ (logs, etc.)
 have been processed by Operator and delivered to and accepted by Cor-
 poration, payment for which has not theretofore been made, and upon
 presentation by Operator of an invoice, in form acceptable to Corpora-
 tion, indicating delivery and acceptance of and nonpayment for such
 services, certified by a representative of Corporation, Corporation
 shall set-off against the loan under this agreement the amount owed
 with respect to such products processed plus accrued interest on
 the entire amount owed Corporation at the time of such delivery;
 Corporation shall withhold _____
 _____ (per centum or amount per MBF, etc.)

of each such payment until the sum of _____ Dollars (\$ _____) shall have been accumulated, and pay the remainder, if any, to or as directed by Operator. The amount so withheld by Corporation shall serve as a guarantee of the faithful performance of all the terms and conditions of this agreement by Operator and shall be paid to Operator only upon full discharge of Operator's obligations under this agreement.

8. Operator shall act as bailee of the _____ of Corporation and products processed therefrom while such logs and products are in Operator's possession, and shall maintain such _____ and products free and clear of all liens and encumbrances including liens for work done thereon, excepting only as to any balance due Operator for processing such products.

9. In conducting operations under this agreement, Operator shall comply with the Fair Labor Standards Act (29 U.S.C. 201-19), to the extent such Act applies to operations under this agreement, and, in the event any of such operations are performed by a contractor or subcontractor, Operator shall require like compliance by such contractor or subcontractor.

10. Upon any default by Operator in carrying out any of Operator's obligations under this agreement, Corporation may terminate same by giving written notice to Operator.

11. This agreement shall not be assigned in whole or in part by Operator without the prior approval of Corporation.

12. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

13. Operator represents that Operator has full knowledge that Corporation will rely upon this agreement in making a loan to Operator and that any misrepresentation or other fraudulent conduct of Operator will render Operator subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80). 1/

IN WITNESS WHEREOF the parties hereto have executed this agreement in duplicate this _____ day of _____ 194____, at _____.

(Operator) (SEAL)

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Title)

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

FORM FPS-32 - TIMBER PURCHASE OPTION AND AGREEMENT

Instructions for Use

Form FPS-32 is to be used when the FPS desires to purchase stumpage on the basis of actual scale or count, or other measurement of the severed product.

It will be noted that prior to the acceptance of this form of agreement by FPS, the agreement is only an option. The consideration of \$1.00 must be paid in each case. The notice to the seller will be given by sending him an accepted copy of the agreement. The time within which notice of acceptance must be given should be ample to make all necessary determinations as to whether the option will be exercised but should not be less than 30 days.

Whenever the timber is encumbered by liens, lien waivers (Form FPS-44) must be obtained or arrangements must be made with the lienholder and the seller to have the timber released from the lien by payment of part of the purchase price to the lienholder or otherwise.

The description of the timber (paragraph 1(a)) should be limited to the ~~merchantable~~ timber of the kinds and sizes desired, and the statement of the manner in which volume will be determined (paragraph 5(a)) must be specific so that there will be no misunderstanding as to when and in what grades defective logs will be scaled or measured or whether defective trees will be cut.

The time limits fixed in paragraph 3 must be sufficient to permit cutting and removal to start and be completed, all conditions being considered.

The fee to be paid by the seller for volume determination, (paragraph 5(c)) shall be the rate determined by the Regional Forester as the approximate cost to FPS of performing the service stated, under the conditions obtaining, multiplied by the estimated volume of timber to be cut under the agreement. There will be no subsequent adjustment of the fee to the volume actually cut.

The execution of this ~~form~~ must be witnessed by at least two witnesses for each party, and must be acknowledged by each party.

This form of agreement must invariably be recorded promptly after execution.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

TIMBER PURCHASE OPTION AND AGREEMENT

THIS AGREEMENT, made and entered into between _____

of _____

(hereinafter called "Seller"), and Commodity Credit Corporation
(hereinafter called "Corporation"), an agency of the United States,
acting by and through the United States Forest Service (hereinafter
called "Forest Service"),

W I T N E S S E T H:

1. (a) That for and in consideration of the sum of One
Dollar (\$1.00) and other good and valuable consideration, the
receipt of which is hereby acknowledged, and provided that if
within _____ days from the date of this instrument
this offer is accepted by Corporation in writing and notice there-
of communicated to Seller, Seller hereby agrees to sell and
Corporation agrees to buy, at the prices and in accordance with
the terms and conditions hereinafter stated, the timber hereinafter
described, standing or growing on that certain piece or parcel of
land lying and being in the County of _____, State of
_____, and more particularly described as follows:

The timber covered by this agreement is described by kinds and
sizes as follows:

(b) Seller hereby covenants and warrants to and with Corporation that Seller is lawfully seized and possessed of said timber, that Seller has full power and authority to sell the same, and that the same is free and clear of all liens and encumbrances, including but not limited to taxes that may hereafter be levied and assessed thereon, except _____

(c) Seller hereby authorizes and directs Corporation to pay any and all such levies and all taxes on said timber, including severance tax, if any, for which Seller may be liable, as provided in Paragraph 2 of this agreement.

2. (a) Corporation hereby agrees to pay Seller for the timber cut and removed under this agreement at the following prices:

(b) Title to such timber shall vest in Corporation as and when the same is cut.

(c) Whenever not less than _____ have been cut
(MBF, cords, etc.)
and removed, payment for which has not theretofore been made, and upon certification by a representative of Corporation of such cutting, and removal and of non-payment therefor, Corporation shall satisfy any and all liens against the timber, as provided in Paragraph 1 of this agreement, and shall, subject to the provisions of Paragraph 5, pay the balance of the purchase price, if any, to or as directed by Seller.

3. The cutting and removal of said timber by and at the expense of Corporation shall begin on or before _____
and shall be completed on or before _____.

4. Seller hereby grants to Corporation and its successors or assigns during the life of this agreement continuing rights of way and rights of ingress and egress for the purpose of entering upon said land and cutting and removing said timber.

5. (-) The volume of timber cut under this agreement shall be determined by representatives of Corporation in the following manner:

(b) Such determination shall be binding on all parties hereto. _____ will be according to the _____
(Scaling, Grading)
rule(s).

(c) Seller agrees to pay for the services pertaining to **such** determinations a fee of _____ Dollars (\$ _____)
(this being a flat fee with no adjustment to final scale and is calculated on the basis of \$ _____ per _____
(MBF, cord, etc.)

for the estimated quantity of timber or forest products upon which such services will be performed as set out elsewhere in this agreement.) and hereby authorizes and directs Corporation to credit itself with this amount as an advance payment for timber cut and removed under this agreement, such credit to be charged against the initial payment to be made to Seller.

6. In cutting and removing said timber, Corporation hereby agrees to conduct such forest operations, including but not limited to selecting trees for cutting, felling trees, transporting and similar other logging operations, pursuant to the provisions of Exhibit "A" attached hereto.

7. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

8. Seller represents that Seller has full knowledge that Corporation will rely upon this agreement in purchasing timber from Seller and that any false representation or fraudulent conduct of same will render Seller subject to prosecution under 1/
Section 35 of the United States Criminal Code (18 U.S.C. 80).-

IN WITNESS WHEREOF, Seller has executed this option and agreement this _____ day of _____, 194____, at _____.

_____/SEAL/
Seller

Witness as to Seller:

The offer of the Seller as contained in this option is accepted by Corporation this _____ day of _____, 194____.

COMMODITY CREDIT CORPORATION
Acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Title)

Witness as to Corporation:

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

SALES AGREEMENT (FOREST PRODUCTS)Instructions for Use

Form FPS-33 is to be used when FPS sells products it has acquired under purchase and loan agreements. See also "Lumber Sale Bid", and instructions in Section R of this Handbook.

In paragraph 1, the grades, dimensions and estimated quantity, by species, must be accurately described and the sale price for each indicated. The percentage of variation allowable in the quantity covered by the agreement shall also be stipulated in paragraph 1 unless the purchase is to cover a definite quantity, in which event this sentence must be deleted and the deletion initialed by both parties to the agreement.

Payments by the buyer must be made in advance of the removal of the products involved, (paragraph 2). It is suggested that this period be not less than 5 days, to allow ample time for the Regional Division of Finance and Banking to notify the storage yard of the payment.

The Corporation, pursuant to paragraph 3, is to do all grading, scaling and tallying the cost of which will be paid from the Administrative Fund.

Appropriate instructions and requirements as to taking delivery shall be inserted in the blank space provided in paragraph 4 (see clauses in sample Lumber Sale Bid).

Extreme care must be exercised in fixing the terms of sale covered in Sections 1, 2 and 4 so that there will be no misunderstanding as to the quantity and specifications of the forest products, the prices or the time and method of delivery and removal.

Paragraph 5 provides that the buyer shall furnish a performance bond if requested to do so. The determination of whether a bond shall be requested should be made by the officer signing the agreement for the Corporation. In making such determination, due consideration should be given to the amount involved in the contract, the length of the period of performance and the financial responsibility of the buyer.

This form will not be used for sales to Federal Government Agencies.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

SALES AGREEMENT

(C.C.C.'s Forest Products)

THIS AGREEMENT, made and entered into between Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service"), and _____

of _____, (hereinafter called "Buyer"),

W I T N E S S E T H:

WHEREAS, Buyer desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for the successful prosecution of the war and essential civilian requirements;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein, the parties hereto agree as follows:

1. Corporation agrees to sell and Buyer agrees to buy, in accordance with the terms and conditions of this agreement _____

(MBF,

_____ of forest products of the kinds, species and
_____ cords, etc.)
dimensions (hereinafter called the "Forest Products") and at the price
or prices _____ as

(Indicate F.O.B. point or storage yard where decked or piled)
set forth below:

A variation of not exceeding _____ per centum (_____%)
in volume of products sold and bought hereunder is permitted under this
agreement.

2. Buyer shall within _____ days after the date of this
agreement make an initial payment of not less than _____

_____ dollars (\$ _____) and thereafter shall make

payment of the balance at the rate of not less than _____
 _____ dollars (\$ _____) per
 _____ for the Forest Products. All such payments
 (week, month, etc.)

shall be made by certified check, bank draft, cashier's check, or
 money order payable to the order of Commodity Credit Corporation, and
 shall be sent to _____,

(Title)

United States Forest Service, at _____,
 (Address)

At least _____ days prior to delivery by Corporation to
 Buyer of the Forest Products from Corporation storage yard(s), Buyer
 shall pay to Corporation an amount not less than the purchase price,
 prescribed in paragraph 1 of this agreement, for the Forest Products
 to be so delivered. The Forest Products shall be available for de-
 livery to Buyer and delivery shall begin not later than _____
 and thereafter shall be made at the rate per _____
 (week, month)

of not less than the following quantities and species:

In the event Buyer's payments to Corporation exceed the amount
 owed by Buyer under this agreement such excess amount shall be re-
 turned to Buyer by Corporation.

3. It is understood that _____
 (grading, scaling, tallying, etc.)
 of all Forest Products removed under this agreement shall be done by
 representatives of Corporation and shall be binding on all parties
 hereto. _____ will be according to the
 (grading or scaling)
 _____ rule.

4. Delivery of the Forest Products under this agreement shall
 be in accordance with the following provisions:

5. If requested to do so by Corporation, Buyer shall within _____ days after such request furnish a _____ (surety _____ continuing satisfactory bond to Corporation in the or cash) amount of _____ dollars (\$ _____) conditioned upon the faithful performance of Buyer's obligations under this agreement.

6. Corporation shall permit Buyer to use roads, ways, and other rights of ingress and egress to and from the aforesaid storage yard(s) which Corporation now has or may acquire during the life of this agreement, but Corporation shall not be required nor will it undertake to obtain any roads, ways, or rights of ingress or egress other than those existing at the time this agreement is executed. Buyer shall repair, at Buyer's expense, any damage or impairment to such roads, ways, and other rights of ingress and egress resulting from the use thereof by Buyer.

7. Upon any default by Buyer in carrying out any of Buyer's obligations under this agreement, Corporation may terminate same by giving written notice to Buyer.

8. This agreement shall not be assigned in whole or in part by Buyer except with the written approval of Corporation.

9. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

10. Buyer represents that Buyer has full knowledge that Corporation will rely upon this agreement in selling forest products to Buyer, and that any misrepresentation or other fraudulent conduct of Buyer will render Buyer subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80).^{1/}

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate this _____ day of _____, 194 __, at _____.

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Title)

(Buyer) (SEAL)

^{1/} Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

TIMBER SALE AGREEMENTInstructions for Use

Form FPS-34 is designed for the use of Borrower when purchasing stumpage from a third party in connection with an FPS loan to be made to Borrower on Form FPS-30. This form should be furnished to the applicant upon receipt of his application for a loan and should be used in all cases when the Borrower purchases stumpage from third parties. This requirement is essential to assure conservation practices, as provided in paragraph 4 (f), and the rights which will accrue to FPS under paragraph 4(b). In addition, the consideration recited in this contract must conform to the schedule of prices referred to in paragraph 10, Form FPS-30, which is designated to assure a fair return to the owner of stumpage and logs for his product.

There may be instances wherein the Borrower will have executed a contract for the purchase of stumpage before filing an application for a loan. In these cases, the contract should be carefully examined and if it is determined that the provisions thereof are not in substantial compliance with the foregoing, the Borrower should be required to obtain a supplemental contract with the owner.

This instrument will be signed in triplicate and one copy thereof shall be submitted to FPS, as required by paragraph 3(c) (i) of Form FPS-30, and payment for the timber purchased will be made by FPS, on behalf of Borrower, as set out in paragraph 4(b) of this form and paragraph 3(c)(iii) of Form FPS-30.

The time limits in paragraph 4(a) shall be correlated with the time limits in paragraph 5 of FPS-30 and should allow sufficient leeway to enable Borrower, with his available facilities, to comply with such limits.

With respect to paragraph 4(d), see remarks regarding paragraph 5(a) of Form FPS-32. The cost incurred by FPS in determining the volume of timber cut under this contract will be paid by Borrower in the manner provided in paragraph 4 of Form FPS-30.

See Y-3, Optional Clauses.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

TIMBER SALE AGREEMENT

This agreement made and entered into between _____
_____ of _____, (hereinafter
called "Seller") and _____ of _____
_____ (hereinafter called "Buyer").

W I T N E S S E T H:

1. THAT for and in consideration of the agreement and covenants hereinafter set out Seller agrees to sell and Buyer agrees to buy at the prices hereinafter stated all the timber hereinafter described standing or growing on that certain piece or parcel of land lying and being in the County of _____,
State of _____, and more particularly described as follows:

The timber covered by this agreement is described by kinds and sizes as follows:

2. The prices per _____ at which the
(MBF, cord, etc.)

Seller agrees to sell and the Buyer agrees to buy the timber described in paragraph 1 of this agreement (hereinafter referred to as the "Timber") are as follows:

3. Seller hereby covenants to and with Buyer that he is lawfully seized and possessed of the Timber, that the Timber is free and clear of all liens and encumbrances, except in favor of the following lien-holders whose waivers thereof are hereto attached as Exhibit "A", and that Seller has full power and authority to sell the Timber.

4. In consideration of the financing by Buyer, in whole or in part, of the operations under this agreement, pursuant to a certain

_____ agreement dated _____
(Loan, or Loan and Purchase)

_____, (hereinafter called "Loan Agreement") between Commodity Credit Corporation (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service") and Buyer, the parties to this Timber Sale Agreement mutually understand, covenant and agree:

- (a) That the cutting and removal of the Timber by and at the expense of Buyer shall begin on or before _____ and shall be completed on or before _____;

- (b) That in accordance with the terms of the Loan Agreement payment of the purchase price of the Timber shall be made to Seller by Corporation for and on behalf of Buyer;
- (c) That title to the Timber, free and clear of all liens and encumbrances, shall vest in Buyer upon payment to Seller of the purchase price thereof; .
- (d) That the volume of the Timber shall be determined by representatives of the Forest Service in the following manner; _____

and such determination shall be final. _____

(scaling

_____ will be ac-

or grading)

cording to the _____ rule(s);

- (e) That whenever not less than _____,
(MBF, cords, etc.)

payment for which has not theretofore been made, are cut, payment therefor shall be made only upon request of Seller;

- (f) That in cutting and removing the Timber, Buyer shall conduct such forest operations, including but not limited to selecting trees for cutting, felling trees, transporting and similar other logging and processing operations, pursuant to the provisions of Exhibit "B" attached hereto;
- (g) That any violation of paragraph (f) by Buyer with regard to the forest and other operations described in Exhibit "B" attached hereto, shall constitute a breach of a material condition of this agreement, in which event Seller shall have the right, at Seller's option, either to (a) terminate this agreement upon appropriate notice to Buyer, or (b) recover from Buyer, as liquidated damages (not as a penalty) at the rates specified in Exhibit "B", or (c) terminate this agreement and recover such liquidated damages; and"

(h) That if Buyer defaults in any manner in the performance of the terms, conditions, or provisions of this agreement, or of the Loan Agreement or of any instrument executed in connection therewith, then and in that event, Corporation shall, at its election, but without subjecting itself to any of the accrued liabilities of Buyer for any default in the performance of this agreement, succeed to all rights and privileges of Buyer under this agreement. Notice of such election shall be given in writing to Seller by Corporation.

Signed in triplicate this _____ day of _____, 194____, at _____,

_____(SEAL)
(Seller)

_____(SEAL)
(Buyer)

Witness as to seller:

Witness as to Buyer:

FORM FPS-35PURCHASE AGREEMENT (FOREST PRODUCTS)Instructions for Use

Form FPS-35 is to be used by FPS in connection with each purchase of forest products (except stumpage) which **does not** involve a loan to the Seller.

The time limits to be specified in paragraph 3 shall be sufficient to enable the Seller to comply therewith, due account being taken of his available facilities and employees, and such other factors as may have a bearing on the matter. Paragraph 2 contemplates that payments will be made to or as directed by the Seller as each stipulated installment delivery is made. The amount of products that shall constitute an installment delivery shall be estimated on a basis that will insure the Seller operating funds to continue performance until the contract is completed. The FPS, under paragraph 5, is authorized to deduct from the payment due Seller (or to charge Seller as an advance payment) the estimated cost of scaling, grading and tallying the products delivered by him to the FPS.

In the event there are any liens on the forest products covered by this agreement, a waiver thereof must be obtained (lien Waiver Form FPS-44) prior to the delivery to FPS.

Exhibits "A", "B", "C", and "D", except those not required or utilized in a particular case, shall be attached to this agreement.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

PURCHASE AGREEMENT
(Forest Products)

THIS AGREEMENT made and entered into between Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service"), and _____ of _____, (hereinafter called "Seller"),

W I T N E S S E T H:

WHEREAS, Seller desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian purposes,

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein, the parties hereto agree as follows:

1. Seller agrees to sell and Corporation agrees to buy forest products of Seller not in excess of _____

(MBF, cords, etc.)

which shall conform to the specifications as to kinds, species, and dimensions set out in Exhibit "A" at the prices set out in the schedule contained in Exhibit "B", both exhibits attached hereto and made a part hereof. Title to such forest products shall pass to and become vested in Corporation upon delivery to and acceptance by Corporation.

2. Whenever not less than _____, have

(MBF, cords, etc.)

been delivered to and accepted by Corporation, payment for which has not theretofore been made, and upon presentation by Seller of an invoice indicating such delivery, acceptance and nonpayment, certified by Seller and approved by a representative of Corporation, Corporation shall, subject to provisions of paragraph 5 of this agreement, pay the purchase price for such products to or as directed by Seller.

3. Seller, at Seller's expense, shall deliver possession to Corporation of the forest products purchased under this agreement at log landing, storage, or concentration yard of the Corporation at _____. Such deliveries shall begin on or before _____, 194____, and be maintained at rate of not less than _____ (MBF, cords, etc.) during each _____ of operation under this (week, month) agreement.
4. All forest products delivered under the terms of this agreement shall be free and clear of all liens, encumbrances, and claims of third persons.
5. It is understood and agreed that _____ (cruising, marking, _____ of all forest products grading, scaling, or tallying) covered by this agreement shall be done by representatives of Corporation and shall be binding on all parties hereto. _____ shall be according to the _____ (Scaling - grading) log rule(s). Seller hereby agrees to pay for these services a fee of _____ Dollars, (this being a flat fee with no adjustment to final scale and is calculated on the basis of \$ _____ per _____ (MBF, cord, etc.) for the estimated quantity of timber or forest products upon which such services will be performed as set out elsewhere in this agreement.) and hereby authorizes and directs Corporation to credit itself with this amount as an advance payment for forest products hereunder, such credit to be charged against the initial payment to be made to Seller.
6. Seller covenants and agrees that, during the life of this agreement, Seller will not, without the written consent of Corporation, sell or otherwise dispose of to any other person, firm or corporation any forest products conforming to the specifications as to kinds, species and dimensions set out in Exhibit "A".

7. (a) Seller covenants and agrees that Seller and any third party or parties with whom Seller may transact business under contract or otherwise to produce forest products covered by this agreement, shall conduct forest operations, including but not limited to selecting trees for cutting, felling trees, transporting and similar other logging and processing operations pursuant to the provisions of Exhibit "C" attached hereto: Provided that Seller shall not be liable by reason of any violation of this paragraph 7 by a third party, or parties, if Seller could not have avoided such violation by utilizing all the information available to Seller.
- (b) Any violation of this paragraph 7 by Seller, or any third party or parties described in part (a) of this paragraph 7, with regard to the forest and other operations described in Exhibit "C" hereto, shall constitute a breach of a material condition of this agreement; in which event Corporation shall have the right, at its option, either to (i) terminate this agreement upon appropriate notice to Seller, or (ii) recover from Seller, as liquidated damages (not as a penalty) at the rates specified in Exhibit "C", or (iii) terminate this agreement and recover such liquidated damages.
8. Seller hereby agrees that, subject to existing contracts, owners of _____ used in processing
(stumpage, logs, etc.)
forest products under this agreement shall be paid therefor by Seller, or by those from whom or through whom Seller purchases the same, at prices not less than those set out in Exhibit "D" attached hereto. Upon the failure of Seller, or any person from whom or through whom Seller purchases said _____, to pay the
(stumpage, logs, etc.)
owners thereof the prices set out in Exhibit "D", Corporation is hereby authorized to pay to such owners for the account of Seller the difference between the prices actually paid and the prices set out in Exhibit "D" and to deduct any money paid by Corporation under this provision from the amount due Seller under this agreement.
9. Seller, in conducting operations under this agreement, shall comply with the Fair Labor Standards Act (29 U.S.C. 201-19), to the extent such Act applies to operations under this agreement, and, in the event any of such operations are performed by a contractor or subcontractor, Seller shall require like compliance by such contractor or subcontractor.

10. Upon any default by Seller in carrying out any of Seller's obligations under this agreement (except paragraph 7) Corporation may terminate same by giving written notice to Seller.
11. This agreement shall not be assigned in whole or in part except with prior approval of Corporation.
12. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.
13. Seller represents that Seller has full knowledge that Corporation will rely upon this agreement in purchasing forest products from Seller, and that any misrepresentation or other fraudulent conduct of Seller will render Seller subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80).^{1/}

IN WITNESS WHEREOF the parties hereto have executed this agreement in duplicate this _____ day of _____, 194____, at _____.

(Seller) (SEAL)

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Title)

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

LOAN AND PURCHASE AGREEMENTInstructions for Use

Form FPS-36 is to be used when a loan is made to an operator for processing forest products which the FPS contracts to purchase. The loan may be for expenses incident to logging, sawing, processing, or hauling, or any one or more of these operations. The resulting products are to be purchased by the FPS under the terms of the same agreement.

The time limits in paragraph 5 should allow sufficient leeway to enable the Operator with his available facilities and employees to meet such limits.

Under paragraph 4, the FPS is authorized to deduct from advances under the loan the estimated cost of cruising, marking, grading, scaling and tallying the products to be delivered to FPS by the Operator. The fee to be paid by the Borrower shall be at a rate determined by the Regional Forester as the approximate cost to FPS of performing the service provided for, under the conditions obtaining, (see Sections B and X-1) multiplied by the estimated volume of products to be processed under the agreement. There will be no subsequent adjustment of the fee to the volume actually purchased by FPS.

Pursuant to paragraph 6, the amount due the Operator for each stipulated installment of products delivered shall be applied in repaying the loan and accrued interest thereon, subject, however, to withholding a certain percentage of the gross payment as a further guarantee of the faithful performance of the agreement; the amount thus retained to be paid the Operator upon completion of such performance.

Exhibits "A", "B", "C", "D", "E", "F", "G", and "H", except those not required or utilized in a particular case, shall be attached to this agreement.

See Y-3, Optional Clauses for Agreements.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

LOAN AND PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into between the Commodity Credit Corporation (hereinafter called "Corporation"), an agency of the United States, acting by and through the United States Forest Service (hereinafter called "Forest Service") and _____

_____ of _____,
State of _____ (hereinafter called "Operator"):

W I T N E S S E T H:

WHEREAS, Operator desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian purposes;

NOW, THEREFORE, in consideration of the covenants and agreements herein, the parties hereto agree as follows:

1. Corporation agrees to make a loan to Operator in an amount not to exceed _____ Dollars (\$_____). Such loan shall be evidenced by a Note, attached hereto as Exhibit "A", payable upon demand, but in no event later than _____, 194____, and shall bear interest on the amount owed at any time computed at the rate of three per centum (3%) per annum. The loan shall be secured by a lien against the timber described in Exhibit "B", attached hereto and made a part hereof, which is to be cut and logged and from which forest products are to be sawed or processed in the manner described in paragraph 5 of this agreement and are to be sold to Corporation as provided in paragraph 6 of this agreement, and such additional security as Corporation may require.

2. The proceeds of the loan made under this agreement shall be used exclusively to pay operating costs incident to logging of stumpage owned by Operator and the sawing, processing or handling the resultant forest products of the kind and estimated quantity hereinafter stipulated at Operator's mill located at _____, or such other location as may be approved by Corporation.

3. Advances under this agreement shall be made upon the Operator's written requests therefor in such form as may be prescribed by Corporation; such requests shall be directed to _____,
(Title)
United States Forest Service, _____
_____, and accompanied by:
(Address)

- (a) A certificate issued by a representative of Corporation describing the kinds and dimensions, by species, the estimated quantity and the appraised end value of the forest products delivered or to be delivered to the storage yard designated in paragraph 5.

- (b) A certificate by Operator that the Forest products delivered or to be delivered are free and clear of all liens and encumbrances except those covered by the attached Lien Waiver as required by paragraph 7.

- (c) Such other certificates as Corporation may from time to time prescribe.

The amount of any such advance shall not exceed ninety per centum (90%) of the appraised end value, as determined by the Forest Service, of the forest products upon which such advance is made. Upon approval of such requests by Corporation, payment of the applicable advance shall be made to or as directed by Operator.

4. It is understood and agreed that _____
(cruising, marking, grading, scaling and tallying)
_____ of all timber and forest products covered by this agreement shall be done by representatives of Corporation and shall be binding on all parties hereto. _____ shall be according to
(Scaling or grading)

_____ rule(s). Operator shall pay for such services a fee of _____ Dollars this being a flat fee with no adjustment to final scale and is calculated on the basis of \$_____ per _____ for the estimated quantity of (MBF, cord, etc.) timber or forest products upon which such services will be performed as set out elsewhere in this agreement, and hereby authorizes and directs Corporation to deduct this amount from the advance(s) made to Operator under this agreement.

5. The forest products cut, sawed, or processed by Operator under this agreement shall conform to the specifications with respect to kinds, species, dimensions, and estimated quantity set out in Exhibit "C" attached hereto. Operator shall deliver possession to Corporation of all forest products cut, sawed, or processed under this agreement; such forest products shall be piled or decked by and at Operator's expense in the manner prescribed in Exhibit "D" at the following described storage yard(s):
- _____.

Such deliveries shall begin on or before _____, 194____, and be maintained at rate of not less than _____ during (MBF, cords, etc.) each _____ of operation under this agreement. (week, month)

6. Operator agrees to sell and Corporation agrees to buy the forest products produced under this agreement at the prices set out in the schedule attached hereto as Exhibit "E". Title to such forest products shall pass to and become vested in Corporation upon delivery to and acceptance thereof by Corporation. Whenever not less than _____ have been delivered to and (MBF, cords, etc.)

accepted by Corporation, payment for which has not theretofore been made, and upon presentation by Operator of an invoice in form acceptable to Corporation, indicating delivery and acceptance of and nonpayment for such forest products, certified by a representative of Corporation, Corporation shall set-off against the loan under this agreement the amount owed with respect to such products purchased plus accrued interest on the entire amount owed Corporation at the time of such delivery; Corporation

shall withhold _____
 (per centum or amount per MBF, cord, etc.)
 of each such payment until the sum of _____
 _____ Dollars (\$ _____) shall
 have been accumulated and pay the remainder, if any, of
 the purchase price to or as directed by Operator. The
 amount so withheld by Corporation shall serve as a guar-
 antee of the faithful performance of all the terms and
 conditions of this agreement by Operator and shall be
 paid to Operator only upon full discharge of Operator's
 obligations under this agreement.

7. All forest products delivered under this agreement shall be free and clear of all liens and encumbrances except in favor of the lienholders who have executed Lien Waiver on the form attached hereto as Exhibit "F".

8. Operator covenants and agrees that, during the life of this agreement, Operator will not, without the written consent of Corporation, sell or otherwise dispose of to any other person, firm or corporation any forest products conforming to the specifications as to kinds, species and dimensions set out in Exhibit "C".

9. Operator hereby agrees that, subject to existing contracts, owners of _____ supplied under
 (Stumpage, logs, etc.) .

or in connection with this agreement shall be paid there-
 for by Operator, or by those from whom or through whom
 Operator acquires the same, at prices not less than those
 set out in Exhibit "G" attached hereto. Upon the failure
 of Operator, or any person from whom or through whom
 Operator acquires such _____, to pay

(Stumpage, logs, etc.)

the owners thereof the prices set out in Exhibit "G",
 Operator hereby authorizes Corporation to pay to such
 owners for Operator's account the difference between
 the prices actually paid and the prices set out in
 Exhibit "G" and to charge any such amounts to the loan
 made to the Operator under this agreement.

10. (a) Operator represents that Operator and any third party or parties with whom Operator may transact business under contract or otherwise pursuant to this agreement, shall conduct forest operations, including but not limited to selecting trees for cutting, felling trees, transporting and similar

other logging and processing operations pursuant to the provisions of Exhibit "H", attached hereto; Provided, That, Operator shall not be liable for misrepresentation by reason of any violation of this paragraph 10 by a third party, or parties, if Operator could not have avoided such violation by utilizing all the information available to Operator.

- (b) Any violation of this paragraph 10 by Operator, or any third party or parties described in subsection (a) of this paragraph 10, with regard to the forest and other operations described in Exhibit "H" hereto, shall constitute a breach of a material condition of this agreement; in which event Corporation shall have the right, at its election, either to (i) terminate this agreement upon appropriate notice to Operator, or (ii) recover from Operator, as liquidated damages (not as a penalty) at the rates specified in Exhibit "H", or (iii) terminate this agreement and recover such liquidated damages.
- 11. Operator, in conducting operations under this agreement shall comply with the Fair Labor Standards Act (29 U.S.C. 201-219), to the extent such Act applies to operations under this agreement, and, in the event any of such operations are performed by a contractor or subcontractor, Operator shall require like compliance by such contractor or subcontractor.
- 12. Upon any default by Operator in carrying out any provision herein (except paragraph 10), Corporation may terminate this agreement by written notice to Operator.
- 13. This agreement shall not be assigned in whole or in part by Operator without prior written approval of Corporation.

14. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made for a corporation for its general benefit.
15. Operator represents that Operator has full knowledge that Corporation will rely upon this agreement in making a loan to and purchasing forest products from Operator, and that any misrepresentation or other fraudulent conduct of Operator will render Operator subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80). 1/

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate, this _____ day of _____, 194____, at _____.

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Official Title)

(Operator) (SEAL)

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

FORM FPS-37 - LOAN AGREEMENT (CONCENTRATION YARD)
Instructions for Use

Form FPS-37 is to be used in connection with loans made to concentration yards for the purposes to be specified in paragraph 2. Advances under the loan are to be made only as Borrower delivers into FPS possession pledged forest products having an appraised end value of not less than 112% of the amount of the advance requested.

The certificates required under paragraph 3(a) and (b) together with any other Borrower's certificate prescribed by FPS shall be transmitted to FPS with each request for an advance under the loan.

The fee to be paid by Borrower for cruising, marking, etc., (paragraph 4) shall be at the rate determined by the Regional Forester as the approximate cost to FPS of performing the service stated, under the conditions obtaining, multiplied by the estimated volume of products covered by the agreement. There will be no subsequent adjustment of the fee to the volume actually graded, scaled, etc., under the agreement. The amount of this fee shall be deducted from one or more advances made on the loan.

Products pledged as security for the first advance and all products processed by the Borrower with the funds loaned by the FPS will be delivered (paragraph 5) to the FPS storage yard as a pledge (paragraph 6) to secure payment of the loan, subject, however, to the release by the FPS of such part of the pledged products as exceed 112 percent of the principal and interest owed and the right of the Borrower to redeem by making direct payment for the products redeemed.

In fixing the time limits in paragraph 5 due account should be taken of the available facilities and employees of the Borrower.

The FPS has the optional right to purchase the products of the Borrower involved under this loan agreement, and upon maturity and non-payment of the outstanding loan the FPS may sell any or all of the pledged products pursuant to section 9; also it may, after due notice to the Borrower, dispose of pledged products if he fails to redeem or market such products at a speed satisfactory to the FPS.

Appropriate Exhibits "A", "B", "C", "D", "E", "F" and "G", except those not required or utilized in a particular case, shall be attached to the agreement.

See Y-3, Optional Clauses for Agreements

FPS - W.O.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

LOAN AGREEMENT
(Concentration Yard)

THIS AGREEMENT, made and entered into between the Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation") acting by and through the United States Forest Service (hereinafter called "Forest Service" and _____

_____ of _____,

(hereinafter called "Borrower");

State of _____

WITNESSETH:

WHEREAS, Borrower desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian purposes;

NOW, THEREFORE, in consideration of the covenants and agreements herein, the parties hereto agree as follows:

1. Corporation agrees to make a loan to Borrower in an

amount not to exceed _____ Dollars (\$ _____). Such loan shall be evidenced by a note, attached hereto as Exhibit "A", payable upon demand, but in no event later than _____, and shall bear interest on the amount owed at any time computed at the rate of three percentum (3%) per annum. The loan shall be secured by a pledge of forest products, conforming to the specifications with respect to kinds, species, and dimensions set out in Exhibit "B" attached hereto and made a part hereof, in the manner described in paragraphs 5 and 6 of this agreement and such additional security as Corporation may require.

2. The proceeds of the loan made under this agreement shall be used exclusively for the following purposes:

3. Advances under this agreement shall be made upon the Borrower's written requests in such form and with such certifications as may be prescribed by Corporation; such request shall be directed to

_____, United States Forest Service
(Title)

_____, and accompanied by:
(Address)

(a) A certificate issued by a representative of Corporation describing the kinds and dimensions, by species; the quantity and value of the forest products delivered to the storage yard designated in paragraph 5 as security for the loan under this agreement, and

(b) A certificate by Borrower that the forest products delivered are free and clear from all liens and incumbrances except those covered by Lien Waiver as required by paragraph 7.

The amount of any advance shall not exceed ninety percentum (90%) of the appraised end value, as determined by Forest Service, of the forest products securing such advance. Upon approval of such requests by Corporation, payment of the applicable advance shall be made to or as directed by Borrower.

4. It is understood and agreed that _____
(cruising, marking, grading, scaling, and tallying) of all timber and forest products covered by this agreement shall be done by representatives of Corporation and shall be binding on all parties hereto. Borrower shall pay for such services a fee of \$ _____ (this being a flat fee with no adjustment to final scale and is calculated on the basis of \$ _____ per _____ for the _____ (MBF, cord, etc. estimated quantity of timber or forest products upon which such services will be performed as set out elsewhere in this agreement). Borrower hereby authorizes and directs the Corporation to deduct such costs from each advance under this agreement.

5. The forest products processed by Borrower with funds obtained under this agreement shall conform to the specifications with respect to kinds, species, dimensions, and estimated quantity set out in Exhibit "B" attached hereto. Borrower shall deliver possession to Corporation of all forest products processed under this agreement. All forest products delivered to Corporation under this agreement shall be piled or decked by and at Borrower's expense in the manner prescribed in the attached Exhibit "C" at the following described storage yard(s): _____.

Such deliveries shall begin on or before _____ 194____, and be maintained at the rate of not less than _____ (MFB, cords, etc.) during each week of operation under this agreement.

6. Such products shall be held as a pledge to secure payment of the loan made under this agreement. Borrower, on or before the loan becomes due and payable, may redeem for such uses as may be approved by Corporation part or all of such products remaining under pledge to Corporation at the time of such redemption, upon the payment to Corporation of the amount owed with respect to such products redeemed, plus accrued interest on the entire amount owed Corporation at the time of such redemption. It is mutually understood and agreed that whenever the appraised value of such forest products under pledge, as determined by the Forest Service, exceeds 112 percentum (112%) of the entire amount owed including interest, Corporation shall, upon request of Borrower, select and release, for such uses as may be approved by Corporation, a part of the pledged forest products equal in value to such excess.

7. All forest products to be delivered to the storage yard(s) shall be free from all liens and encumbrances except in favor of the lienholders who have executed Lien Waiver on the form attached hereto as Exhibit "D".

8. If requested to do so by Corporation, Borrower shall insure with an insurer satisfactory to Corporation the pledged forest products against loss or damage by fire and such other risks as may be prescribed in an amount not less than the amount of the accrued indebtedness under this agreement; and if upon such request Borrower shall fail or refuse to obtain such insurance or shall fail to pay the premiums thereon, Corporation may obtain such insurance and pay the premiums thereon and any such premiums so paid by Corporation shall be added to and become a part of the indebtedness owed by Borrower and shall bear interest

at the rate of three percentum per annum from the date of such payment; Provided, That no such payment of premiums by Corporation shall be taken or construed to be a waiver of any default or the rights accruing thereunder; Provided further, That any such insurance shall contain a loss payable clause in favor of Borrower and Corporation as their respective interests may appear; and Provided further, That any sums paid to Corporation under such insurance shall be applied by Corporation first to any unpaid interest, then to any unpaid principal, and the balance, if any, shall then be paid to Borrower.

9. Borrower hereby grants to Corporation an option to purchase part or all of the forest products delivered under this agreement upon payment by Corporation to or as directed by Borrower, of amounts computed on the basis of the Schedule of Prices, attached hereto as Exhibit "E"; Provided, that Corporation shall set off against any such payments therein the amount owed Corporation by Borrower, including interest.

10. Upon the maturity and nonpayment of the loan made under this agreement, or if, within _____ days from the date of a request by Corporation for an acceleration of the redemption and marketing of pledged forest products, such redemption and marketing thereof are not increased to the satisfaction of Corporation, Corporation is authorized to place all or any part of the pledged forest products in any pool or pools with any other forest products held by Corporation and, either by pool or separate contract, or otherwise, to sell, assign, transfer, and deliver such forest products, or documents evidencing title thereto, at such time, in such manner, for cash or upon such terms and conditions as Corporation may determine, directly, or through any agency, at public or private sale, for immediate or future delivery, and without demand, advertisement, or notice of the time and place of sale or adjournment thereof, or otherwise; and upon such sale, Corporation may become the purchaser of the whole or any part of such forest products. After deducting all fees, costs, and expenses incident to insuring, carrying, handling, marketing (including delivery), or otherwise dealing with such forest products and accounting for the proceeds thereof, including reasonable attorney fees, Corporation shall apply the residue of any sales proceeds toward the repayment of said loan returning the overplus, if any, only to the Borrower, without right of assignment to or substitution of any other party.

11. Borrower hereby agrees that, subject to existing contracts, owners of _____ supplied under or in connection
(Stumpage, logs, etc.)

with this agreement shall be paid therefor by Borrower, or by those from whom or through whom Borrower acquired the same, at prices not less than those set out in Exhibit "F" attached hereto. Upon the failure of Borrower, or any person from whom or through

whom Borrower acquires such _____, to pay the
(Stumpage, logs, etc.)

owners thereof the prices set out in Exhibit "F", Borrower hereby authorizes Corporation to pay to such owners for Borrower's account the difference between the prices actually paid and the prices set out in Exhibit "F" and to charge any such amounts to the Borrower under this agreement.

12. (a) Borrower represents that Borrower and any third party or parties with whom Borrower may transact business under Contract or otherwise pursuant to this Agreement, shall conduct forest operations, including but not limited to selecting trees for cutting, felling trees, transporting and similar other logging and processing operations pursuant to the provisions of Exhibit "G" attached hereto; Provided, that Borrower shall not be liable for misrepresentation by reason of any violation of this paragraph 12 by a third party, or parties, if Borrower could not have avoided such violation by utilizing all the information available to Borrower.

(b) Any violation of this paragraph 12 by Borrower, or any third party or parties described in Subsection (a) of this paragraph 12, with regard to the forest and other operations described in Exhibit "G" attached hereto, shall constitute a breach of a material condition of this agreement; in which event Corporation shall have the right, at its election, either to (i) terminate this Agreement upon appropriate notice to Borrower, or (ii) recover from Borrower, as liquidated damages (not as a penalty) at the rates specified in Exhibit "G", or (iii) terminate this Agreement and recover such liquidated damages.

13. Borrower, in conducting operations under this agreement shall comply with the Fair Labor Standards Act (29 U.S.C. 201-19), to the extent such Act applies to operations under this agreement, and, in the event any of such operations are performed by a contractor or subcontractor, Borrower shall require like compliance by such contractor or subcontractor.

14. Upon any default by Borrower in carrying out any of Borrower's obligations under this agreement (except paragraph 12), Corporation may terminate this agreement by giving written notice to Borrower.

15. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

16. Borrower represents that Borrower has full knowledge that Corporation will rely upon this agreement in making a loan to Borrower and that any misrepresentation or other fraudulent conduct of Borrower will render Borrower subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80). 1/

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate, this _____ day of _____, 194_____, at _____.

COMMODITY CREDIT CORPORATION
Acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Official Title)

(Borrower)

1/ Section 35 reads, in part, as follows:

whoever shall knowingly and willfully falsify or conceal a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false***certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

FORM FPS-38CHATTEL LEASE AGREEMENT (WITH OWNER)Instructions for Use

Form FPS-38 is to be used when the FPS leases from the owner thereof equipment and personal property for use in connection with the Program, with optional right to purchase same at the price stipulation in paragraph 9.

Such property may be used by the FPS or it may be leased to an Operator under Form FPS-39. Care should be exercised to make certain that the property is accurately and completely described in paragraph 1. If liens or encumbrances are indicated in paragraph 7, appropriate action should be taken to obtain either a waiver of the lien or the consent of the lien holder to the execution of the lease.

Before executing this lease the FPS representative should consider the optional clause 9 shown in Y-3, Optional Clauses for Agreements.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

CHATTEL LEASE AGREEMENT
(Owner)

THIS AGREEMENT, made and entered into between _____
_____ of _____ (hereinafter
called "Owner"), and Commodity Credit Corporation, an agency of the
United States (hereinafter called "Corporation") acting by and through
the United States Forest Service (hereinafter called "Forest Service").

1. Owner agrees to let and Corporation agrees to hire for the
period of _____ months from date hereof equipment and personal prop-
erty (hereinafter called "Property") located at _____
_____ described as follows:

2. The Property is to be used for the production of forest
products in connection with the General Forest Products Program
undertaken for the purpose of providing forest products needed for
war and essential civilian purposes and may be sublet or hired out
by Corporation for use in connection with such program under such
terms and conditions not inconsistent with this agreement as may be
prescribed by Corporation.

3. The Property may be moved from its present location and transported, set up and used at such location or locations as may be selected or approved by Corporation; Provided, That Owner shall not be liable for any portion of the costs of moving, transporting or setting up the same; Provided, further, That within _____ days after the termination of this lease or any extension thereof, the Property shall be returned to and set up as nearly as possible as the same now is at its present location without expense to Owner, ordinary wear and tear excepted.

4. Corporation shall pay Owner rent for the Property at the rate of not to exceed _____ Dollars (\$ _____) per annum, payable at the end of each _____ (month, _____ upon the presentation of an invoice therefor, quarter, etc.) properly certified by Owner.

5. Corporation shall keep the Property in operating condition, shall replace any parts that may be broken or worn beyond repair and shall return the property to owner in the same condition as when received except for ordinary wear and tear and damage arising from causes over which Corporation has no control.

6. Corporation may, during the life of this lease or any extension thereof, make reasonable alterations of, or attachments or additions to the Property and any such attachments or additions shall be and remain the property of Corporation and may be removed by Corporation at any time within _____ days after the termination of this lease, or any extension thereof, provided such removal does not materially damage or affect the subsequent operation of the Property in which latter event such attachments or additions may not be removed and title to which shall vest in the Owner.

7. Owner hereby covenants and warrants that Owner has the lawful and undisputed title to the Property; that the same is free and clear of all liens and encumbrances except _____,

and that nothing will be done or suffered to be done to encumber the same in any manner during the life of this lease or any extension thereof.

8. This lease may, at the option of Corporation, be renewed for additional periods of _____ months each at the rental stipulated in paragraph 4 of this agreement, provided notice shall be given in writing to Owner at least _____ days before this lease or any renewal thereof would otherwise expire. No such renewal shall extend beyond _____, 194____.

9. Corporation may, at its election at any time during the life of this lease or any extension thereof, purchase the Property, and, subject to such election, Owner hereby agrees to sell, transfer and assign the Property free and clear of all liens and encumbrances to Corporation at the price of _____ Dollars (\$ _____), such purchase price to be paid to Owner upon the delivery to Corporation of a satisfactory bill of sale or other conveyance of the Property and an invoice therefor properly certified by Owner. Upon written notice to Owner of the exercise by Corporation of its election to purchase the Property, all rights to and liability for rent accruing thereafter shall cease and terminate. Such notice shall be construed as having been given upon the mailing thereof to Owner at _____
(Address)

10. Corporation shall in any event have the right to terminate this lease, or any extension thereof, at any time upon giving _____ days written notice thereof to Owner. Such notice shall be construed as having been given upon the mailing thereof to Owner at the address set out above.

11. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

12. Owner represents that Owner has full knowledge that Corporation will rely upon this agreement in leasing the Property from Owner and that any misrepresentation or other fraudulent conduct of Owner will render Owner subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80). 1/

IN WITNESS WHEREOF the parties hereto have executed this agreement in duplicate this _____ day of _____, 194____, at _____.

(Owner) (SEAL)

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Title)

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

CHATTEL LEASE AGREEMENT (WITH OPERATOR)Instructions for Use

Form FPS-39 is to be used when equipment has been leased by FPS under Form FPS-38, or which is owned by FPS, is leased by it to an Operator.

Since the rental rate (subject to a specified minimum) is on the basis of the volume of products manufactured with the leased property, provision is made for the payment in advance of the minimum rental provided for in paragraph 3. When FPS is subletting equipment which it has leased, the minimum rental should not be less than the rental paid by FPS to the Owner.

The determination of the volume of products manufactured and scaling, grading, tallying and other similar services, when desired by Operator, will be done for the Operator by FPS and the Operator will pay for such services in the manner prescribed in paragraph 4. The fee to be charged for such services shall be at the rate determined by the Regional Forester as the approximate cost to FPS of performing the desired services, under the conditions obtaining. (See sections B and X-1).

The specifications and requirements for operating and maintaining the equipment (paragraph 9) must be prepared in each case to meet the particular needs. In preparing these, special consideration must be given to the type of the equipment.

When equipment is being sublet by FPS, the Operator shall be required to carry insurance on the leased property whenever the risks of loss justify such requirement. The determination of whether such insurance will be required shall be made by the officer executing the agreement on behalf of the FPS. No insurance will be required when the equipment is owned by FPS.

Exhibits "A" and "B", except those not required or utilized in a particular case, shall be attached to this agreement.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

CHATTEL LEASE AGREEMENT

(Operator)

THIS AGREEMENT made and entered into between the Commodity Credit Corporation, an agency of the United States of America, (hereinafter called "Corporation") acting by and through the United States Forest Service (hereinafter called "Forest Service") and

_____ of _____

(hereinafter called "Operator"):

W I T N E S S E T H:

WHEREAS, Operator desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian requirements.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein, the parties hereto agree as follows:

1. Corporation agrees to let and Operator agrees to hire for the period of _____ months from the date of this agreement equipment and personal property (hereinafter call "Property") leased by Corporation from _____, or owned by Corporation as follows:

2. The Property shall be transported to and set up by Operator at his expense at mill site located at _____, or at such other location as may be approved by Corporation.

3. (a) Operator shall pay Corporation rent for the Property at the rate of _____ dollars per MBF of forest products sawed or processed therewith: Provided, That such rental payment for any full calendar _____ shall in no event be less than _____ dollars (\$ _____), except that if, because of the failure or inability of Corporation to furnish repair or replacement parts as hereinafter set out, the Property is idle as many as _____ days in any one calendar _____ the minimum rental for such period (month, quarter, etc.) shall be reduced in proportion to the number of such idle days.

(b) Operator shall, upon the execution of this agreement, pay to Corporation as an advance rent payment the sum of _____ dollars (\$ _____) [being the minimum rental for one rent period as provided in this paragraph 3]. Thereafter, within five days after invoicing by Corporation of rent due under this agreement as of the first day of each calendar _____, (month, quarter, etc.) Operator shall pay the minimum rent for the next succeeding rent period plus the balance due, if any, or less the credit due, if any, for the preceding rent period.

4. Forest products sawed or processed with the Property shall be _____ by representatives of (scaled, tallied, graded, etc.) the Forest Service and such measurements shall be final. _____ (Scaling _____ shall be according to the _____ rule(s). or grading) Operator shall pay for these services a fee of _____ per MBF and make the payments therefor _____ (at the end of each calendar month)

5. Operator shall transport and set up the Property and begin sawing or processing forest products therewith on or before

_____, and shall saw or process forest products therewith at the rate of not less than _____ MBF per month.

6. Operator shall furnish at his expense all fuel, lubricating oil and grease, replacement bits and rings for saws, and belt lacings.

7. Corporation shall furnish repair or replacement parts to repair or replace parts broken through no fault of Operator, or worn out by normal wear and tear with the exception of those listed in paragraph 6 of this agreement.

8. Operator shall keep the Property in good operating condition, furnishing all necessary tools and labor therefor, and shall surrender possession of property to Corporation in good operating condition, subject only to the provisions above set out and to normal wear and tear, within _____ days after termination of this agreement.

9. Operator shall operate and maintain the Property in accordance with the following specifications and requirements:

10. Corporation shall, during the life of this agreement, have the right to inspect the Property at any time.

11. If requested so to do, Operator shall insure the Property against loss, or damage by fire or otherwise in an amount and with an insurer satisfactory to Corporation. Such insurance policy shall cover the interests of Operator, Corporation, and the owner of the Property as these interests respectively appear, and shall contain a loss payable clause in favor of Corporation.

12. Operator hereby agrees that, subject to existing contracts, owners of _____ from which forest products are processed under this agreement shall be paid therefor by Operator, or by those from whom or through whom Operator acquires the same, at prices not less than those set out in Exhibit "A" attached hereto. Upon the failure of Operator, or any person from whom or through whom Operator acquires such _____, to pay the owners (stumpage, logs, etc.) thereof the prices set out in Exhibit "A", Operator hereby authorizes Corporation to pay to such owners for the account of Operator the difference between the prices actually paid and the prices set out in Exhibit "A", and Operator hereby agrees to reimburse Corporation for any money paid by Corporation under this provision.

13. (a) Operator represents that Operator and any third party or parties with which Operator may transact business under contract or otherwise pursuant to this agreement, shall conduct forest operations, including but not limited to selecting trees for cutting, felling trees, transporting trees, and similar other logging and processing operations pursuant to the provisions of Exhibit "B" attached hereto: Provided, That Operator shall not be liable for misrepresentation by reason of any violation of this paragraph 13 by a third party, or parties, if Operator could not have avoided such violation by utilizing all the information available to Operator.

(b) Any violation of this paragraph 13 by Operator, or any third party or parties described in Sub-section (a) of this paragraph 13, with regard to the forest and other operations described in Exhibit "B" hereto, shall constitute a breach of a material condition of this agreement; in which event Corporation shall have the right, at its option, either to (i) terminate this agreement upon appropriate notice to Operator, or (ii) recover from Operator, as liquidated damages (not as a penalty) at the rates specified in Exhibit "B", or (iii) terminate this agreement and recover such liquidated damages.

14. Operator, in conducting operations under this agreement, shall comply with the Fair Labor Standards Act (29 U.S.C. 201-19) to the extent such Act applies to operations under this agreement; and, in the event any of such operations are performed by a contractor or subcontractor, Operator shall require like compliance by such contractor or subcontractor.

15. Either party hereto may terminate this agreement upon

_____ days written notice.

16. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share of part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

17. Operator represents that Operator has full knowledge that Corporation will rely upon this agreement in leasing the Property to Operator and any misrepresentation or other fraudulent conduct of Operator will render Operator subject to prosecution under Section 35 of the United States Criminal Code(18 U.S.C.80). 1/

IN WITNESS WHEREOF the parties hereto have executed this agreement in duplicate this _____ day of _____, 194____, at _____.

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____

(Operator) (SEAL)

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

REAL PROPERTY LEASE

Instructions for Use

Form FPS-40 is to be used in leasing quarters, storage yards, log landings, and mill or other sites.

The statement of purposes for which the premises are to be used (paragraph 2) must be sufficiently broad to cover all possible uses. For instance a site should never be rented only for a log landing, since the logs will probably be sawed and the lumber stored on the same site.

In many instances it will be possible to rent sites for nominal rent, especially when the site is to be used in connection with an operation on other land of the lessor.

If the lessor requires that the site be cleaned up or restored to its former condition, the provision therefor should be made in paragraph 7(a). If no clean-up or restoring is required, dashes should be typed in after 7(a).

If there are any liens or encumbrances on the land, other than taxes, lien waivers must be obtained or the lienholder must formally approve and ratify the lease.

No Standard Exhibits are applicable to this form.

FPS-W.O.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

REAL PROPERTY LEASE

THIS LEASE, made and entered into this _____ day of _____, 194__, by and between _____ of _____ (hereinafter called "Lessor") and Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service"):

W I T N E S S E T H:

For and in consideration of the covenants and agreements herein, the parties hereto agree as follows:

1. Lessor hereby leases and Corporation takes and hires for the term beginning _____ and ending June 30, 194__ the premises with all privileges and appurtenances thereunto belonging (hereinafter called ("Premises")) described as follows:
2. The Premises above described are to be used for the following purposes:
3. Lessor shall furnish to Corporation during the occupancy of the Premises under this lease, or any renewal thereof, as part of the rental consideration, the following:
4. Corporation shall pay Lessor rent for the Premises at the rate of _____ Dollars (\$_____) per annum, payment to be made upon request therefor in the form of a certified invoice, the end of each _____ (month _____ or quarter or calendar year).

5. This lease, may, at the option of Corporation, be renewed for additional periods of twelve months at the rental above set out and otherwise upon the same terms and conditions of this lease; Provided, that notice be given in writing to Lessor at least _____ days before this lease or any renewal thereof would otherwise expire; Provided, further, that no renewal thereof shall extend beyond _____.

6. Corporation shall have the right to terminate this lease or any renewal thereof at any time upon 30 days written notice to Lessor, such notice to be computed from the date of mailing to last known address.

7. Corporation shall have the right to erect or construct improvements, structures and signs and to make such alterations and perform whatever work deemed by Corporation to be necessary, upon the Premises to make the Premises suitable for the purposes set forth in paragraph 2 hereof. Any such structures, improvements or signs erected or constructed on the Premises may be removed by Corporation at any time prior to the termination of this lease or any renewal thereof. No clean up or restoration of the site to its original condition will be required of Corporation unless specifically provided in paragraph 7(a) of this lease and unless request therefor is made in writing by Lessor at least 15 days prior to the termination of this lease or any renewal thereof.

7(a)

8. Lessor shall, unless otherwise specified in this lease and except for any improvements or structures erected or constructed by Corporation, maintain the Premises in good repair and tenable condition during the life of this lease and any renewal thereof, except in case of damage, if any, arising from the act or negligence of Corporation or its agent, employees, permittees, or licensees. For the purpose of so maintaining the Premises, Lessor shall have the right at reasonable times to enter and inspect the premises when accompanied by a representative of Corporation and to make any necessary repairs.

9. Corporation shall, during the life of this lease or any renewal thereof, have the right to permit and authorize any and all persons, by sub-lease or otherwise, to use and occupy said premises for the purposes set out in paragraph 2 of this lease.
10. Lessor warrants that Lessor is the sole owner of the Premises and that there are no liens or encumbrances outstanding thereon except those in favor of the following lienholders who have executed Lien Waivers which are attached to this lease:

Lessor further covenants and warrants that Corporation shall have the quiet and peaceful enjoyment of the Premises during the life of this lease or any renewal thereof.

11. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.
12. Lessor represents that Lessor has full knowledge that Corporation will rely upon this agreement in leasing the premises from Lessor and that any misrepresentation or other fraudulent conduct of Lessor will render Lessor subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80). 1/

IN WITNESS WHEREOF the parties hereto have executed this lease in duplicate this day and year first above written.

Witness as to Lessor:

Witness as to Corporation:

Witness:

(Lessor) (SEAL)

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Title)

1/ Section 35 reads, in part, as follows:

****whoever shall knowingly and willfully falsify or conceal
*** a material fact, or make or cause to be made any false
or fraudulent statements or representations, or make or use
or cause to be made or used any false*** certificate, affi-
davit, or deposition, knowing the same to contain any fraud-
ulent or fictitious statement or entry in any matter within
the jurisdiction of any department or agency of the United
States or of any corporation in which the United States of
America is a stockholder, shall be fined not more than
\$10,000 or imprisoned not more than ten years, or both."

FORM FPS-41

RELEASE OF PLEDGED PRODUCTS

Instructions for Use

Form FPS-41 is to be used whenever pledged products are to be restored to the Borrower.

It is of utmost importance that such products be described accurately. This description may be by kinds and quantity, by specified piles or by any other means that will identify the released products. Removal of products not described must not be permitted. It is also essential that the borrower or his duly authorized representative formally acknowledge receipt of the released products.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

RELEASE

Order Restoring Possession to Borrower of Certain Forest

Products Pledged to Secure Advances by Commodity

Credit Corporation

In accordance with the terms of a certain _____ agree-
(Loan, etc.)
ment executed _____, 194____, by _____
(hereinafter called "Borrower") and Commodity Credit Corporation
(hereinafter called "Corporation"), acting by and through the
United States Forest Service, Corporation hereby restores to
Borrower possession of the following described forest products
(hereinafter called "Forest Products") which were pledged by
Borrower to secure payment of certain advances made by Corporation:

The Forest Products which have been stored in the
_____ Storage Yard may be removed therefrom by
Borrower upon delivery by him of this Release to the custodian
of said yard. Removal of any forest products not described above
shall constitute a trespass and shall be sufficient cause for
taking appropriate action under the terms of said _____
agreement. (Loan, etc.)

Commodity Credit Corporation
acting by and through the
Chief, United States Forest Service

By: _____
(Title)

The above described and marked or designated forest products
were restored to me and removed from the designated Storage Yard on
_____, 194____.

FORM FPS-42

PROCESSING AGREEMENT

Instructions for Use

Form FPS-42 is to be used where FPS contracts with an operator to process CCC-owned timber or forest products.

The only real difference between this form and Form FPS-31 is that no loan is made to the operator under Form FPS-42. Therefore, with the exception of those pertaining to the loan clauses, the instructions and comments given for the use of Form FPS-31 apply also to the use of Form FPS-42.

Appropriate Exhibits "A" and "B" must be attached to the agreement.

See Y-3, Optional Clauses for Agreements.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

PROCESSING AGREEMENT
(CCC's Timber or Products)

THIS AGREEMENT, made and entered into between the Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service") and _____

of _____, State of _____

(hereinafter called "Operator"):

W I T N E S S E T H:

WHEREAS, Operator desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian purposes:

NOW, THEREFORE, in consideration of the covenants and agreements herein, the parties hereto agree as follows:

1. Operator agrees to haul Corporation's _____
(Logs, etc.)

containing approximately _____ from _____
(MTB, etc.) (name and number of

_____ located at _____
site)

to Operator's mill located at _____

or at such other site as may be designated by Corporation, and to process the _____ into forest products of the
(logs, etc.)

kinds and dimensions and in accordance with the instructions of Exhibit "A" hereto attached and made a part hereof.

Corporation shall pay Operator for such processing services performed under this agreement the following rates:

2. It is understood and agreed that _____
(cruising, marking,
grading, scaling and tallying)
of all timber and forest products covered by this agreement shall be done by representatives of

Corporation and shall be binding on all parties hereto.

_____ shall be according to the _____
(Scaling, grading)

_____ rule (s).

Operator shall pay for such services a fee of _____

_____ Dollars (\$_____) (this being a flat
fee with no adjustment to final scale and is calculated on a basis
of _____ per _____ for the estimated
(MBF, cord, etc)

quantity of timber or forest products upon which such services
will be performed as set out elsewhere in this agreement), and
hereby authorizes and directs Corporation to credit itself with
this amount as an advance payment for the services performed here-
under, such credit to be charged against the initial payment to
be made to Operator.

3. Operator shall deliver possession to Corporation of
all forest products processed under this agreement. Such pro-
cessed forest products shall be piled or decked by and at Op-
erator's expense, in the manner prescribed in the attached Ex-
hibit "B", at the following described storage yard(s).

Such deliveries shall begin on or before _____
and be maintained at the rate of not less than

_____ during each _____
(MBF, etc.) (week, month, etc.)
of operation under this agreement.

4. Whenever not less than _____ of _____
(MBF etc.) (logs, etc.)
have been processed by Operator and delivered to and accepted
by Corporation, payment for which has not theretofore been made,
and upon presentation by Operator of an invoice in form acceptable
to Corporation indicating delivery and acceptance of and non-
payment for such services, certified by a representative of Corpo-
ration, Corporation shall, subject to the provisions of Para-
graph 2 above, pay the cost of such services; Provided, however,
that Corporation is authorized and directed to withhold _____
(percentum
_____ of each such net payment until the sum of
or amount per MBF)

_____ Dollars ("_____") shall have been accumulated, and pay the remainder, if any, to or as directed by Operator. The amount so withheld by Corporation shall serve as a guarantee for the faithful performance of all the terms and conditions of this agreement by Operator, and shall be paid to Operator only upon full discharge of Operator's obligation under this agreement.

5. Operator shall act as bailee of the _____ (logs, etc.) of Corporation, and products processed therefrom while such logs and products are in Operator's possession, and shall maintain such _____ and products free and clear of all liens and (logs, etc.) encumbrances, including liens for work done thereon, excepting only as to any balance due Operator for processing such products.

6. In conducting operations under this agreement, Operator shall comply with the Fair Labor Standards Act (29 U.S.C. 201-19), to the extent such Act applies to operations under this agreement, and, in the event any of such operations are performed by a contractor or subcontractor, Operator shall require like compliance by such contractor or subcontractor.

7. Upon any default by Operator in carrying out any of Operator's obligation under this agreement, Corporation may terminate same by giving written notice to Operator.

8. This agreement shall not be assigned in whole or in part by Operator without the prior approval of Corporation.

9. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

10. Operator represents that Operator has full knowledge that Corporation will rely upon this agreement in having said products processed by Operator and that any misrepresentation or other fraudulent conduct of Operator will render Operator subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C.80).1/

IN WITNESS WHEREOF the parties hereto have executed this agreement in duplicate this _____ day of _____, 194____, at _____.

(Operator) (SEAL)

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Title)

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

FORM FPS-43

BONDInstructions for Use

Form FPS-43 is for use as a Performance Bond when such protection is deemed necessary by the contracting officer. See "Lumber Sale Bid" and Section R.

The Performance Bond should never be executed prior to the execution of the agreement to which it relates and the date of such agreement will be inserted in appropriate space in the Bond.

The deposit of cash or United States bonds in lieu of surety bond will be handled in the manner prescribed for the regular work of the Forest Service except that cash will be deposited to the credit of the Corporation and will be held in the Trust Liability account.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

BOND

KNOW ALL MEN BY THESE PRESENTS, That

(Names of principals)

as principal, and _____

(Name of sureties)

_____, as suret, are held and firmly
bound unto the Commodity Credit Corporation in the sum of _____

_____ Dollars (\$ _____), for the payment of which
sum well and truly to be made to such depository or officer as shall
hereafter be duly designated by the Commodity Credit Corporation, to
be placed to the credit of the Commodity Credit Corporation, we bind
ourselves and each of us, our and each of our heirs, executors, ad-
ministrators, successors, and assigns, jointly and severally, firmly
by these presents.

The condition of this obligation is such that if the said above-
bounden _____

(Names of principals)

or successors, shall well and truly perform all and singular the
promises contained in a certain _____ agreement executed
by _____ on the _____ day of _____, 19____,*
(sales, etc.)

and hereto attached, then this obligation shall be void; otherwise to
remain in full force and effect.

It is understood and agreed that an extension of time, but not
beyond _____, within which the said agreement
(Date not to exceed 1 year)
will be completed, may be granted without securing the consent of the
suret on this bond; notice of such extension being hereby expressly
waived.

WITNESS our hands and seals this _____ day of _____
_____, 19____*

_____(SEAL)
(Principal)

Corporate seal, if corporation. _____(SEAL)
(Principal)

_____(SEAL)
(Surety)

_____(SEAL)
(Surety)

*The bond should never be executed prior to the execution of the agreement.

ACKNOWLEDGEMENT OF INDIVIDUAL PRINCIPAL OR SURETY

STATE OF _____, COUNTY OF _____, ss:

On this _____ day of _____, 194____, before me

(Name of Notary) a Notary Public in and for

_____, residing therein, duly sworn and acting

under a commission expiring _____, 194____, personally

appeared _____, known to me to be
(Name of Principal or Surety)the person _____ who executed the above bond as
(Principal or Surety)and _____ he _____ acknowledged to me that _____ he _____ executed the above bond as
_____ voluntarily, for the uses therein specified.
(Principal or Surety)

WITNESS my hand and official seal the date first in this certificate above written.

Notary Public

(Notarial Seal)

ACKNOWLEDGEMENT OF CORPORATE PRINCIPAL OR SURETY

STATE OF _____, COUNTY OF _____, ss:

On this _____ day of _____, 194____, before

me _____, a Notary Public in and for
(Name of Notary)

_____, residing therein, duly sworn and acting

under a commission expiring _____, 194____,

personally appeared _____ known to me to be the
(Name of Officer)_____ of the _____,
(Title of Officer) (Name of Corporate Principal or Surety)

FPS-W.O.

the corporation that executed the above bond and known to me to be the person __ who executed the above bond in behalf of said Corporation and each acknowledged to me that he executed said bond on

behalf of said Corporation as _____ voluntarily
(Principal or Surety)

ly, and by authority duly given for the uses therein specified, and that said bond is the bond of said Corporation.

WITNESS my hand and official seal the date first in this certificate above written.

Notary Public

(Notarial Seal)

LIEN WAIVERInstructions for Use

Form FPS-44 is for use in cases of unqualified waiver by lienholder. The waiver of any existing liens by the holders thereof is required in a number of the agreement forms. In a case involving other considerations, such as requirement by lienholder that certain payments be made to him or the need for the lienholder's agreement to certain conditions and stipulations, a special Lien Waiver and Agreement form should be drawn by the Regional Attorney to fit the transaction.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

LIEN WAIVER

The undersigned holder of a lien on _____
(stumpage, forest products, etc.)
covered by the _____ Agreement dated _____, 194____,
(Sale, Loan, etc.)
between Commodity Credit Corporation (hereinafter called "Corporation")
and _____ (hereinafter called _____
(Name of Borrower, Operator, etc.) (Borrower,
Operator, etc.) _____) in order to enable Corporation to make _____
(Advances,
_____ to _____ in accordance with the
payments) (Borrower, Operator, etc.)
provisions of said agreement and in consideration of Corporation's
making such _____ to _____
(Advances, payments, etc.) ("Borrower", "Operator", etc.)
does hereby (1) waive any priority which his lien may have over the
rights Corporation may acquire under such agreement and (2) authorize
(a) the delivery to Corporation of such _____
(stumpage, forest products, etc.)
free and clear of his lien, as provided in said agreement and (b) pay-
ment to _____ of all proceeds accruing under
(Borrower, Operator, etc.)
the terms of said agreement.

Dated this _____ day of _____, 1942.

(Signature of Lienholder, or authorized agent)

LUMBER SALE BID
(Unnumbered)

Instructions for Use

The following sample "Invitation for Bid for Purchase of Lumber" and the instructions contained in Section R of this Handbook are considered fully explanatory of the essential points to be observed. See also Form FPS-33, Sales Agreement, a copy of which should be marked "Sample Agreement" and attached to each Invitation for Bid when mailed to prospective bidders.

Lumber Sale Bid (Unnumbered)

FPS-W.O.

(SAMPLE)

UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

FPS
SALES
Lumber

April 21, 1942

INVITATION FOR BID FOR PURCHASE OF LUMBER

Sealed bids in single copy for purchase of all or part of the hardwood lumber, pile bottoms, roof boards, or stickers listed herein, subject to the conditions embodied in attached bid forms, Conditions of Sale, Sample Agreement, and terms given below, will be received by the Commodity Credit Corporation until 2:00 p.m., E.W.T., Tuesday, April 28, 1942 at the office of the Area Forester, United States Forest Service, at Raleigh, North Carolina, at which time and place they will be publicly opened.

Bids may be offered on any species, grade, or combination of grades in the yards, but preference will be given to offers which include everything listed for sale in the yard. It will be understood that any item on which a bid is made will include all of that particular item in the storage yard listed in the invitation unless otherwise specified. Therefore, bidders should clearly and specifically describe, in the appropriate place on the bid form, each item for which bid is submitted.

Other factors being equal, preference will be given bids which include offers for pile bottoms, roof boards, and stickers. Award will be made on the basis of bid that is most advantageous to the Corporation.

Roof boards, pile bottoms, or stickers can be delivered to the purchaser, at the site, only as they are made available by the removal of the lumber piles on which they are a part.

The maximum time allowed for removal of lumber will be 3 months from the date of contract. Bidders may quote an earlier date and should insert the date in the bid form. The earliest date of removal offered will be given preference in making award, other things being equal.

A deposit in an amount equal to 10 percent of the total bid price on the quantity estimated for sale, in the form of money order, cashier's check, certified check or bank draft, made payable to the Commodity Credit Corporation must be submitted with bid.

Deposits of unsuccessful bidders will be returned to them. That of the successful bidder will be credited to his account.

If the successful bidder fails to execute the sale agreement within 10 days after date of award and/or fails to furnish a performance bond if requested, within the time specified in the Conditions of Sale, the amount of deposit collected will be retained as liquidated damages resulting from such failure; except that, where the total amount of the bid exceeds \$15,000, the amount retained for this purpose shall be either 5 percent of the value at bid price or \$1,500, whichever is the greater.

The Commodity Credit Corporation reserves the right to reject any or all bids and to readvertise the products if in its opinion the circumstances warrant such action. Additional information may be obtained from the District Forest Manager's Office at the following address:

Please use attached envelope for submission of bid, attaching sufficient postage.

JOHN DOE

Enclosures

Area Forester

(SAMPLE)
RID FOR LUMBER

COMMODITY CREDIT CORPORATION
c/o UNITED STATES FOREST SERVICE

The following bid is submitted by _____ for the
(name of bidder)
purchase of hardwood lumber, pile bottoms, stickers or roof boards
listed below and subject to the conditions stated in this bid form
offering material for sale.

Rough, square-edge hardwood lumber at the following sites:
(See attached inventory)

[illegible]

Bidders on pile bottoms, roof boards and stickers should specify location and insert estimate of quantity involved.

All lumber will be removed by _____
(Bidder insert date)

(SAMPLE)

S. E. HARDWOOD INVENTORY

FPS-W.O.

Storage Yard No.	LOCATION	SPECIES	Approx.				Volume MBF		TOTAL
			4/4	6/4	8/4	10/12	12/4		
NORMANDY DISTRICT									
N. Ca.-27	Athens	Oak	10.3	6.8	22.7	2.4	15.6	57.8	
		Misc.**	5.2	2.3	7.6	.9	6.3	22.3	
Sub-Total N.	Ca.-27		15.5	9.1	30.3	3.3	21.9	80.1	
N. Ca.-41	Knob Hill	Oak	15.6	8.3	43.9	4.8	25.6	98.2	
		Misc.**	10.7	4.1	11.3	1.5	9.3	36.9	
Sub-Total N.	Ca.-41		26.3	12.4	55.2	6.3	34.9	135.1	
		etc.							
GRAND TOTAL			41.8	21.5	85.5	9.6	56.8	215.2	

* Ash & Maple

** Ash, Maple and Beech

(SAMPLE)
CONDITIONS OF SALE

1. Removal. The lumber shall be available for removal, and removal shall begin not later than 20 days from the date of contract. The minimum volume which shall be removed periodically by the Buyer will be definitely prescribed in the sale agreement by the Corporation, due account being given to the volume awarded the Buyer. In the event all of the products offered are awarded to a single bidder not to exceed three months will be allowed for completing its removal. On days on which removal is made, removal shall be at the rate of not less than 10 MBF per day per inspector.

2. Performance Bond. If requested by the Corporation's contracting officer, the purchaser will furnish within 10 days after such request a surety or cash bond satisfactory to such officer in the amount of \$50 or 10 percent of the amount of the contract, whichever is the lesser of the two, if the amount of the contract is less than \$1,000; in the amount of 10 percent of the amount of the contract if the amount of the contract is \$1,000 to \$15,000; or if the amount of the contract is over \$15,000, in the amount of \$1,500 or 5 percent of the amount of the contract, whichever is the greater of the two.

A list of accredited bonding companies is on file in the office of the Area Forester, 110 Main Street, Raleigh, North Carolina, for the information of purchasers.

3. The following clauses will be included in the Sales Agreement to be prepared as a result of these bids, sample of which is attached:

(1) Deliveries will be considered complete only when all lumber purchased is removed from the sites, and resulting broken material, stickers, blocking, pile bottoms, and roof boards are neatly piled on the site by the Buyer to the satisfaction of the Corporation. The Corporation will repile and reroof any lumber other than that purchased that the purchaser removes from existing piles in the course of removing the purchased lumber. It is the responsibility of the Buyer to remove purchased lumber from existing piles.

(2) Total tally of lumber, stickers, pile bottoms, or roof boards sold will be identical to tally of the Corporation as lumber, stickers, pile bottoms, or roof boards are delivered to the Buyer by the Corporation. Records of individual deliveries to the Buyer will be maintained by an authorized representative of the Corporation. The Corporation reserves the privilege of tallying and bulk-piling on the site, for removal at the Buyer's convenience, within the period allowed by the Sale Agreement, any lumber stickers, pile bottoms, or roof boards for which shipping facilities are not available when the purchaser has previously arranged delivery dates with the Corporation, or when the volume to be shipped does not warrant keeping a tallyman at the site.

B I D_____
(date)

In compliance with the above invitation for bids, and subject to all the conditions thereof, the undersigned offers, and agrees, if this bid be accepted within _____ calendar days from the date of the opening, to purchase all of the items upon which prices are quoted and upon which award is made, at the price set opposite each item, at the point (s) specified and to execute within 10 days after date of notice of bid acceptance a contract of sale, similar to the attached copy, which is a part of these specifications.

Bidder _____ Address _____

By _____ Title _____
 (Signature of person au-
 thorized to sign this bid)

ACCEPTANCE FOR THE CORPORATION

(date)

Accepted as to items numbered _____

Name _____ Title _____

(Note: Sample Agreement to be attached; see Form FPS-33)

MODIFICATION OF AGREEMENT
(Unnumbered)

Instructions for Use

The following sample form indicates the general manner in which modifications of agreement should be drawn up. One should be prepared for any change, required in the interests of the Corporation, in the terms of an executed agreement.

Modifications may involve questions of legal authority even beyond those involved in the execution of the original agreement.

Modifications may be executed on behalf of the Corporation only by authorized contracting officers. As a general rule, subject to the instructions of the Regional Forester, the execution of modifications by Area contracting officers without reference to the Regional Office will be limited to the following purposes:

- (a) Date delivery of forest products is to begin or rate at which deliveries are to be made periodically.
- (b) Date cutting and removal of timber are to begin or date cutting and removal are to be completed.
- (c) Date sawing or other processing operations are to begin or rate at which these operations are to proceed periodically.

Such modifications may become necessary in connection with agreements prepared on Forms FPS-30 to 37, inclusive, 39 and 42. Any other necessary modifications should be referred to the Regional Office, with facts and justification, where the modification will be prepared, with the advice of the Regional Attorney when necessary, or the Area contracting officer will be specifically instructed in the case.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

MODIFICATION OF _____ AGREEMENT
(Loan, Purchase, Sales, etc.)

THIS AGREEMENT, made and entered into between Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation") acting by and through the United States Forest Service (hereinafter called "Forest Service"), and _____

_____ of _____, (hereinafter called _____
(address) (same as
_____) :
original agrmt)

W I T N E S S E T H

WHEREAS, by a _____ Agreement executed _____ day
(Name of agreement)
of _____, 194____, _____ agreed to _____
(Borrower, Operator, etc.) (Process,
_____ the forest products therein described; and
deliver, etc.)

WHEREAS, it has been determined that, in order to facilitate the production of forest products for essential war and civilian uses and to protect the interests of the Corporation, said _____
(Name of agreement)
Agreement should be modified in the respects hereinafter provided,

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

1. Paragraph _____ of said _____ Agreement is hereby
(Name of agreement)
amended to read as follows:

2. Except as herein amended, all of the other terms and conditions of said _____ Agreement shall remain in full force and
(Name of agreement)
effect.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate this ____ day of _____, 194____, at _____.

(Witness required when subject agreement was witnessed)

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By _____
(Title)

(Borrower, Operator, etc.) (Seal)

TABLE OF EXHIBITS

The following schedule indicates the standard exhibits to be attached as needed, to Forms 30, 31, 32, 34, 35, 36, 37, 39, and 42, and the letter designation to be given the exhibits for each of these forms

Description of exhibit	Letter designation of exhibits to be attached to the following FPS agreements								
	30	31	32	34	35	36	37	39	42
Note form (FPS-29)	A	A				A	A		
Instructions for piling or decking forest products	C	C				D	C		B
Specifications of kinds, species, dimensions, and estimated quantity of products logged, sawed or otherwise processed (including Sawing Specifications in all agreements covering lumber owned by or to be acquired by F.P.S.)	B	B			A	C	B		A
Lien waiver (FPS-44)	D			A		F	D		
Schedule of prices to be paid by FPS for forest products purchased	E				B	E	E		
Forest practices to be followed in woods operations and schedule of liquidated damages	G		*A	B	C	H	G	B	
Minimum prices to be paid by borrower or operator for stumpage, logs, etc., purchased	F				D	G	F	A	
Description of timber on which Lien is given to Corporation						B			

The loan application (FPS-27) is not scheduled above since its text clearly indicates the documents that are to be attached thereto. Forms FPS-33, 38, 40, 41, 43, and 44 do not call for the attachment of any of the above listed exhibits.

*Schedule of liquidated damages will be omitted.

SUMMARY BY FORMS AND PARAGRAPHS OF TERMS AND CONDITIONS
OF LOAN, PURCHASE, SALE AND PROCESSING CONTRACTS

(These tables are designed as an aid to FPS personnel familiarizing themselves with the kinds of terms and conditions by numbered paragraphs which are provided for in these standard forms.

For optional clauses see sub-section Y-2)

Terms and Conditions	Paragraph Number								
	Form Number								
	30	31	32	33	34	35	36	37	42
LOANS AND ADVANCES:									
Amount, duration, interest, security, note.	1	1					1	1	
Use of money	2	2					2	2	
Written request of borrower and FPS approval	3	3					3	3	
Certificate by FPS relative kind and dimensions of forest products by species, estimated quantity and end value, maximum amount of loan	3a	3a					3a	3a	
Certificate by borrower relative absence of liens and estimated quantity of forest products to be processed	3b	3b					3b	3b	
PURCHASE OF FOREST PRODUCTS AND STUMPAGE:									
Estimated quantity of forest products						1			
Kind, dimension, species and prices of forest products						1			
Option to purchase stumpage			1a						
Declaration of Title and Right to Sell stumpage			1b						
Declaration as to liens on stumpage			1b						
SALE OF FOREST PRODUCTS:									
F.O.B. point				1					
Quantity, kind, species, and dimensions				1					
SALE OF STUMPAGE TO CLIENT OF FPS: Location, kind, and sizes					1				
Declaration of Title and Right to Sell					3				

SUMMARY BY FORMS AND PARAGRAPHS OF TERMS AND CONDITIONS
OF LOAN, PURCHASE, SALE AND PROCESSING CONTRACTS
(Continued)

Terms and Conditions	Paragraph Number								
	Form Number								
	30	31	32	33	34	35	36	37	42
WOODS AND PROCESSING OPERATIONS: Specifications as to kind, species, dimensions, etc.	5	4					5	5	1
Hauling FPS's logs to processing site		4							1
Grading, scaling, tallying, cruising marking, etc., service by FPS at expense of operator or seller, and binding on all parties	4	5	5c	3		5	4	4	2
Grading, scaling, according designated lumber or log rule				3		5			
Delivery to FPS by borrower, operator or seller	5	6				3	5	5	3
Delivery of FPS product to buyer				4					
Right to ingress and egress			4	6					
Volume of timber or timber products to be determined by FPS and binding on all parties			5a& 5b		4d				
Conservation Requirements- Liquidated damages	11		6		4f& 4g	7	10	12	
Period of cutting and removal of timber			3		4a				
PAYMENT AND RELATED FACTORS: By FPS: Copy of borrower's contract for purchase of logs or stumpage	3c								
To vendor of borrower or operator for logs and stumpage purchased by them	3c				4b& 4e				
Not to exceed specified limit or amount	3	3					3	3	
To borrower, operator, or seller or as directed by them under terms of agreement	3	3	2c			2	3	3	

SUMMARY BY FORMS AND PARAGRAPHS OF TERMS AND CONDITIONS
OF LOAN, PURCHASE, SALE, AND PROCESSING CONTRACTS
(Continued)

Terms and Conditions	Paragraph Number								
	Form Number								
	30	31	32	33	34	35	36	37	42
PAYMENT AND RELATED FACTORS: By FPS, Cont'd. In installments as de- livery is made by seller						2			
Schedule of FPS prices to apply			2a						
Title, passing of			2b		4c	1	6		
To operator for pro- cessing		7					6		4
Lien (and lien waiver in case loans)	7					4	7	7	
Option of FPS to pur- chase processed mate- rials	8							9	
Failure of operator to redeem processed materials	9							10	
Seller prohibited from disposing of forest products of same kind, species, and dimensions						6	8		
By Borrowers, Seller or Buyer: At least min- imum prices on logs and stumpage as fixed by FPS to be paid vendor	10				2	8	9	11	
Payment for FPS for- est products in ad- vanced delivery				2					
Form of remittances to FPS and mailing directions				2					
Lien and lien waiver (sale to client of FPS)					3				
SECURITY PROVISIONS: Chattel mortgage by borrower in favor FPS	3c								
Retention of sum due processor as guarantee of performance		7					6		4
Pledged products as collateral	6							6	
Insurance of pledged products								8	

SUMMARY BY FORMS AND PARAGRAPHS OF TERMS AND CONDITIONS
OF LOAN, PURCHASE, SALE, AND PROCESSING CONTRACTS
(Continued)

Terms and Conditions	Paragraph Number								
	Form Number								
	30	31	32	33	34	35	36	37	42
SECURITY PROVISIONS:									
Cont'd., Operator function as bailee of FPS's logs		8							5
Surety or cash bond by buyer of FPS product guaranteeing perform- ance of sale agree- ment				5					
Liens and taxes on stumpage to be cleared up by FPS before payment for stumpage is made seller			1c						
MISCELLANEOUS:									
Labor	12	9				9	11	13	6
Default		10		7	4h	10	12	14	7
Assignment		11		8		11	13		8
Congressmen, etc.	13	12	7	9		12	14	15	9
Misrepresentation of fact by operator -- penalty	14	13	8	10		13	15	16	10

OPTIONAL CLAUSES FOR AGREEMENTS

OPTIONAL CLAUSE

Fire Protection Clauses

(Title)

(For use in contracts and agreements involving cutting, milling, or storage of Forest Products)

(a) No forest products covered by this agreement shall be piled within _____ feet of any operating sawmill, or sawdust or mill refuse pile.
(Par. No.) (500 etc.)

(b) All forest products, except forest products in transit and stumpage, covered by this agreement shall be surrounded by a fire line or break _____ feet wide. Such line or break shall be not less than _____ feet or more than _____ feet from the outer inflammatory material, during the months of _____ through _____ of each year, and all material forming a fire hazard such as snags, dry grass or brush, accumulated leaves, etc., shall be removed from the area within the fire line during the above specified period, as directed by the Forest Service representative.
(6 etc.) (10 etc.) (50 etc.)

(c) All sawmills cutting material covered by this agreement and located within _____ feet from any forest or brush covered land shall be equipped with effective spark arrestors, satisfactory to the representative of the Forest Service, while in operation during the months of _____ through _____ of each year. Adequate sprinkler systems, or fire lines cleared of all inflammatory debris, shall be established prior to _____ and maintained from _____ through _____ of each year. Such fire lines shall be at least _____ feet in width and shall encircle the mill and sawdust pile, the slab pile and the refuse pile at a distance of not less than _____ feet or more than _____ feet from such mill or piles. Other fire emitting equipment such as steam-boilers, tractors, motor trucks, etc., capable of dropping coals or sparks to start forest fires shall be equipped with adequate devices,
(500, 1000 etc.) (month) (month) (month) (15 etc.) (100 etc.) (200 etc.)

acceptable to the Forest Service representative, for the prevention of forest fires when used on operations located within 500 feet of forest land.

(d) All piles _____ covered by this agree-
(of lumber, etc.)
ment, during the months of _____ through _____ of each year, shall be protected from fire damage by placing and maintaining one barrel of at least 50 gallon capacity filled with water, and two pails, each capable of carrying at least 10 quarts of water, for each 10 piles of _____. The water barrels and pails shall be placed and main-
(lumber)
tained at locations and in a condition as directed by the Forest Service representative.

(e) The following fire fighting equipment, of a type satisfactory to the representative of the Forest Service, shall be provided and maintained in a serviceable condition during _____
(month)
through _____ of each year:
(month)

(i) One round-pointed shovel and one axe shall be carried with each tractor or truck while employed in woods operations in connection with this contract.

(ii) At each logging or each milling operation employing three or more men, sufficient fire fighting tools to equip not less than 1/3 of the total number of men ordinarily employed on each mill or woods operation, but in no event less than 3 men, shall be maintained in sealed boxes at locations satisfactory to the Forest Service representative.

(f) During the time that this agreement remains in force the _____ shall independently do all possible in his power to prevent and suppress fires on the area of operations under this agreement, and shall require _____
(Borrower, Operator, etc.)
(Borrower's, Operator's, etc.) employees, contractors, and employees of contractors to do likewise. Unless prevented by circumstances over which _____
(Borrower, Operator, etc.) has no control, the _____ shall place
(Borrower, Operator, etc.)

____ employees, contractors, and employees
(Borrower's, Operator's, etc.)
of contractors at the disposal of the representative of the Forest Service for the purpose of fire suppression on or in the immediate vicinity of national forest land, and land or products covered by contracts or agreements to which Corporation is a party.

(g) During periods of fire danger, as may be specified by the representative of the Forest Service, the _____ (Borrower, Operator, etc.) shall prohibit smoking and the building of camp and lunch fires by _____ employees, contractors, and _____ (Borrower's, Operator's, etc.) employees of contractors within the area of operation under this agreement, except at established camps, and shall enforce this prohibition by all means within _____ power; Provided, _____ (Borrower's, Operator's, etc.) That the Forest Service representative may designate safe places where, after all inflammable material has been cleared away, camp fires may be built for the purpose of heating lunches and where, at the option of the _____ may be permitted.
(Borrower, Operator, etc.)

(This sub-paragraph to be used only when high fire hazard periods are expected to occur which will necessitate or fully justify restrictions on smoking in the woods.)

OPTIONAL CLAUSE

Cutting Boundary Clause
(Title)

 . Each area to be cut over to supply the forest
(Par. No.) products covered by this agreement shall be designated by the
 in a manner satisfactory to the repre-
(Borrower, Operator, etc.) sentative of the Forest Service in advance of the start of the cut-
ting on each such area. Each area may be designated by adequate
posting of signs around the boundary of such area, or by furnish-
ing an adequate written description thereof, or by any other method
mutually agreeable to both parties.

Note: The above contract clause will be inserted in agreements involving the cutting of stumpage on land, (those which include the Forest Practice Standards Specifications), the location or boundaries of which may be difficult for the District Forest Manager to determine on the ground. When this clause is used, it will be the responsibility of the District Manager to specify whether posting, or a written description of the cutover area, shall be required and the type of posting or description to be provided; or to reach a mutual agreement with the Operator, Borrower, etc., as to some other procedure to designate the FPS cutting areas. Compliance with the District Managers instructions to the operators, borrowers, etc., which ordinarily should be written, should permit him to locate easily each FPS cutting or cutover area for inspection of conservation requirements. The contract clause permits the District Manager to specify to the Operator, Borrower, etc., the cutting areas which shall be posted, those which shall be designated in writing, etc. Only such action should be required of the Operator, Borrower, etc., however, which is deemed necessary to enable the District Manager to locate each FPS cutting area and its boundaries without undue difficulty or travel time.

OPTIONAL CLAUSE

Purchase Option and Application
of Rental Payments
(Title)

For use as paragraph 9 in Form FPS-38, Chattle Lease Agreement (Owner).

9. Corporation may, at its election at any time during the life of this lease or any extension thereof, purchase said property and, subject to such election, owner hereby agrees to sell, transfer and assign the same free and clear of all liens and encumbrances to Corporation at the price of _____ Dollars (\$ _____), and to apply to the purchase price all (or the percentage agreed upon if less than all) rental payments made by Corporation under this agreement; the balance of such purchase price, if any, to be paid to Owner upon the delivery to Corporation of a satisfactory bill of sale or conveyance of said property and the presentation of a duly certified invoice. All rights to and liability for the rental payments hereinbefore stipulated for any period subsequent to election by Corporation to purchase the Property shall cease and terminate upon written notice of such election to Owner by Corporation and such notice shall be construed as having been given upon the mailing thereof to Owner at _____.

(Address)

NOTE: In negotiating for equipment rentals, the amount of rental payments which Owner will offer to credit toward purchase price if option is exercised should be determined and if this plan is considered the most economical for the Government, above clause should be used in lieu of Standard paragraph 9.

OPTIONAL CLAUSE

Acceleration of Output.
(Title)

For use in Form FPS-31 Processing and Loan Agreement, and Form FPS-42, Processing Agreement, when such action is warranted for the purpose of meeting existing or prospective quota requirements.

(Par. No.) In the event emergencies of an urgent nature arise after execution of this agreement, necessitating a faster rate of removal and processing of logs than provided in this agreement, and it is impossible for Operator to produce at the accelerated rate with the facilities furnished by Operator, Corporation may, in its election, notwithstanding any other provisions of this agreement, contract with other operators to remove and process logs covered by this agreement; Provided, that before negotiating with other operators Corporation shall give Operator an opportunity to furnish such additional facilities under this agreement as are necessary to increase Operator's output by the amount required by Corporation; Provided further, that Operator shall place such additional facilities in operation to the satisfaction of Corporation within a reasonable period of time to be specified in writing by Corporation.

OPTIONAL CLAUSE

Material for Structures
(Title)

(For use in agreements covering the processing of CCC's timber and products, Forms FPS-31 and 42, when appropriate.)

 Upon the request of Operator, Corporation agrees
(Par. No.)
to furnish such logs or lumber as are required by Operator for the purpose of erection of mill, mill roofs, tramways, camps, cabins, barns, garages, and other similar facilities to be used in operations under this agreement; Provided, That Operator shall pay Corporation for the value thereof at prices determined by Corporation in line with its current policy applicable to sales of similar products to the general market and Operator hereby authorizes Corporation to set-off any indebtedness of Operator to Corporation under this paragraph against any indebtedness of Corporation to Operator under paragraph of this agreement.

OPTIONAL CLAUSE

Material for Yard Facilities
(Title)

(For use in agreements covering the processing of CCC's timber and products, Forms FPS-31 and 42, when appropriate.)

 . Upon the request of Operator, the use of lumber
(Par. No.)
and logs needed in the construction by Operator of yard facilities made necessary by adverse topographic conditions, such as tresles, bridges, or corduroys (but not lumber tramways) will be furnished without charge by Corporation from salvage stocks; Provided, That title to all forest products so used shall remain in Corporation; Provided further, that quantities of the forest products so used shall be tallied by representative of Corporation and such forest products which have been processed by Operator will be included in the quantity of forest products processed under this agreement.

OPTIONAL CLAUSES

WASTE MATERIAL

(For use in agreements covering the processing of CCC's timber and products, Forms FPS-31 and 42, when appropriate.)

 . All waste material resulting from processing
(Par. No.)
operations under this agreement, including but not limited to mis-
cuts, sawdust, slabs, edgings, and trimmings, shall remain the
property of Corporation; Provided, that Corporation hereby author-
izes Operator to use without payment therefor such waste materials
as is needed for fuel in mill operation under this agreement; Pro-
vided further, that Operator shall place such waste material as is
not needed for fuel in mill operation under this agreement on the
mill site in such manner that it will not enter into living streams
or become a fire hazard to lumber yards and surrounding property;
Provided further, that Operator shall place such waste material at
least 75 feet away from lumber piles unless a duly authorized repre-
sentative of the Forest Service shall specifically authorize a
shorter distance because of special conditions existing at the site.

SPECIFICATIONS, CERTIFICATES, AND SCHEDULES FOR AGREEMENTSSPECIFICATIONS

Forest Practice Standards
and
Schedule of liquidated damages
for violation thereof
(Title)

(This illustrates manner in which schedule of forest practice standards and liquidated damages should be set up in the Exhibit. The contents of this schedule for each transaction will be prepared to meet the needs and conditions of the particular case.)

1. To provide some protection to the Forest, and to obtain efficient and economic operations in the cutting, transportation, and manufacture of the products cut in connection with this agreement. Only -

<u> </u> (species)	trees of <u> </u>	d.b.h or over,
<u> </u> "	trees of <u> </u>	d.b.h. or over,
<u> </u> "	trees of <u> </u>	d.b.h. or over,
<u> </u> "	trees of <u> </u>	d.b.h. or over,
<u> </u> "	trees of <u> </u>	d.b.h. or over,

will be cut on the area cutover unless the trees are diseased, insect infested, or marked or designated in writing for removal in advance of cutting by a representative of the U. S. Forest Service.

2. (a) To insure adequate seed of desirable species for reforesting the area cutover in connection with this agreement:

 trees of d.b.h.
(No.) (species)
or over, and trees of
(No.) (species)

or over, which are now capable of producing seed and which have satisfactory crowns and are expected to stand for at least 10 years, will be left uncut on each acre(s) cutover, or -

(b) To insure adequate seed of desirable species for reforesting the area cutover in connection with this agreement acres of timber will be left uncut for seed-bearing purposes in each unit of acres cutover. Such seed blocks shall be located on ridges or locations where they will have maximum opportunity to seed the cutover area. Trees may be cut from these "seed blocks" only if marked or designated in writing for removal in

advance of cutting by a representative of the U. S. Forest Service.
(To permit utilization of species not needed or desired for seed.)

3. To provide for proper utilization of the trees cut in connection with this agreement -

No _____ stump shall be cut higher than _____ inches, and
(species)

No _____ stump shall be cut higher than _____ inches, and
"

No _____ stump shall be cut higher than _____ inches, above
the ground. In addition, utilization in the top log shall be to a -

_____ d.i.b. for _____ trees, and
(species)

_____ d.i.b. for _____ trees, and
"

_____ d.i.b. for _____ trees, and
"

_____ d.i.b. for _____ trees,
"

4. (a) The Corporation reserves the right to require the cutting and bucking of forest products done in connection with this agreement to be accomplished so as to produce the maximum volume of specified products or grades, or both. Such products or grades will be specified in writing to the contractor or his representative at least ten days in advance of the application of this requirement, provided such requirement may not result in an increased cost of such cutting and bucking in excess of ten percent of the prior cutting and bucking cost. Or -

(b) All cutting or bucking done in connection with this agreement shall be done in a manner so as to yield the maximum volume of
_____ of _____ from _____,
(products) (quality)

_____, _____, _____ trees,
as a maximum volume of _____ of _____ from

(products) (quality)
_____, _____, _____,
trees.

5. In order to prevent an undue fire hazard resulting from cutting operations in connection with this agreement, the following requirements will be complied with in respect to the disposal of slash on the cut-over area:

The following requirements will be complied with in respect to the felling of snags on the cutover area:

The following requirements will be complied with in respect to closing down all or part of the cutting operations during periods of special fire hazard as specified by the U. S. Forest Service representative:

~~To prevent early recutting of the cutover area. (add clause if possible)~~

Additional requirements as necessary.

Schedule of Liquidated Damages

\$_____ per tree cut of less than the diameter specified, which is not diseased, insect infested or marked or designated in writing, for removal by the Forest Service.

\$_____ per seed tree cut which is specified to be left under the provisions of Section _____.

\$_____ per stump cut of higher than the maximum height specified in Section _____.

\$_____ per tree cut with top left with a larger d.i.b. than specified in Section _____.

\$_____ per snag specified to be cut which is left uncut on the area cutover.

SPECIFICATIONS

Lumber Sawing Specifications
(Title)

(See Section K-1. These specifications will constitute a part of one of the Exhibits in the agreement when required. (see table of Exhibits) They should be drawn to meet quota requirements as expressed by Washington Office. They will include complete sawing instructions as to kinds, species, dimensions, etc. The following illustrates in a general way the type of sawing specifications but they must be adapted to the requirements of each transaction. Deduction rates for loss of material or value resulting from violation or negligence should be included in each case.)

In processing logs under this agreement miscuts shall not exceed 3%.

Boards having greater variation than $\frac{1}{4}$ -inch in thickness, between the thickest and thinnest points, are thickness miscuts. Boards having a width variation of more than $\frac{1}{2}$ -inch between the widest and narrowest parts and boards not edged in a straight line from end to end (arc or crook more than $\frac{1}{4}$ -inch at point of widest variation from a straight line between opposite ends of the board) are width miscuts.

All sawlogs other than those which may be specifically designated by Corporation for production of necessary blocking or for other uses, or sold to the operator for construction purposes, shall be sawed into well manufactured lumber and, unless otherwise specified, such lumber shall be square-edged and parallel-edged. Pine foundation sills shall be cut only from low-grade (but not borer-damaged) material in logs 12 feet long or shorter.

(Special instructions will be issued for the sawing of logs over 16 feet in length.)

Lumber or logs shall not be cut into blocking, stickers or other special products, with the following exception:

Cants containing metal when slabbed on at least two opposite faces shall be marked as such by Corporation grader and after being marked shall be cut into blocks not longer than 18 inches for use as pile bottom blocking.

(When this sawing is done, payment for such products when used as blocking will be based on the contents of the cants computed as square-edged timbers.)

With the above exceptions, all blocking for pile bottoms shall be obtained through use of lumber trimmings.

Logs shall be slabbed and sawed, and lumber shall be edged and trimmed to yield a maximum of even-width lumber, as directed by Corporation, so as to result in the least possible waste of merchantable material.

Except as may be otherwise designated by Corporation, all logs shall be turned on the carriage when sawing so they will yield their maximum content of good grade lumber. Particular classes and sizes of logs which may be sawed through will be specified by Corporation.

Side boards (boards next under slabs) of all logs shall be sawed to 4/4 thickness. All other bark-edged cuts shall also be sawed to 4/4 unless otherwise specified by Corporation. Thicker cuts of low quality may be sawed through and through from the center cuts of certain sizes and classes of logs, when specifically authorized, in writing by Corporation; provided that such cuts can be edged without more waste than would result if the center cuts were sawed to 4/4 thickness. (see "Note" below)

All broken, jagged, rotten, split or waney ends shall be trimmed from lumber by the operator without waste of merchantable material.

Lumber shall be sawed in even thickness. Thickness miscuts which can be resawed to 4/4 or thicker boards shall be placed back on the carriage by the operator and trued to the next lower thickness class (4/4 or thicker). Width miscuts shall be re-edged by the operator to the widest possible, straight and parallel-edged boards excluding 9 and 11-inch widths. The board footage wasted by such re-manufacture, as measured by the difference between the board feet in the piece as originally sawed and the final piece accepted as merchantable, will be noted by Corporation tallyman as miscut volume (maximum allowance is 3 per cent of the total sawed volume).

(Thin and tapering lumber is not merchantable)

Note - (Instructions will be issued by Corporation specifying what thicknesses shall be cut and the amounts and kinds of lumber the operator shall manufacture from each species in each nominal thickness authorized.)

Unless otherwise specified by Corporation, the green sawing

thickness to be set for each nominal thickness shall be as designated hereunder. The minimum green thickness permitted in a board at its thinnest spot is shown for each nominal thickness in the last column below:

<u>Nominal Thickness</u>	<u>Green Sawing Thickness all Species</u>	<u>Minimum Thickness all Species</u>
4/4	1-1/16"	31/32"
5/4	1-3/8"	1-1/4"
6/4	1-5/8"	1-1/2"
7/4	1-7/8"	1-3/4"
8/4	2-1/8"	2"
9/4	2-3/8"	2-1/4"
10/4	2-5/8"	2-1/2"
12/4	3-1/8"	3"
16/4	4-1/8"	4"

No special equipment will be required if the standard equipment of the mill provides for setting the green sawing thicknesses as designated above. However, the installation of oversize racks on log-beam type mills will facilitate the required settings and should increase production over that obtainable with standard equipment. The tally of lumber for sawing payments, including over-thickness, will be based on the nominal thicknesses as designated in the first column above.

(Dimension Specifications for each species should be included in each saw milling contract, setting out by species the thickness, widths and lengths of the stocks to be obtained.

All _____ logs will be sawed so as to obtain the
(species)
maximum stock of _____
(thickness) (width) (length).)

Widths--Green softwood widths shall be cut 1/4-inch oversize. Bark-edged boards shall be edged and trimmed to yield the maximum merchantable board footage of even-width stock, except that odd widths of 3", 5" and 7" will be accepted when excessive waste would result from edging and trimming to produce merchantable even widths from the same cuts. Odd widths of 9" and 11" are not acceptable. Square-edged cants shall be sawed to produce 6", 8", 10" or 12" widths without edging, avoiding odd-inch widths from this source. Unless otherwise designated in writing by Corporation, the minimum acceptable width shall be 2" in 5/4 thickness and 6" in 6/4 or thicker stock, and no odd widths shall be cut in 6/4 or thicker thicknesses.

(Payment for all specified widths, including overwidth, is based on nominal widths graduated in full inches.)

SPECIFICATIONS

Lumber Piling Specifications
(Title)

(See Section L of this Handbook. These specifications will constitute one of the Exhibits in the agreement. They will be drawn to meet the requirements of the transaction. In logging or log purchase agreements the title will be "Log Decking Specifications". Appropriate changes will be made for other kinds of products. Deduction rates for violations resulting in damage to or loss of material should be included in each case. The following illustrates the general manner of stating for lumber piling.)

Rough Lumber

(Care of lumber is primarily a matter of piling. Some suggested specifications are as follows for consideration.)

(Established yards may use existing piling methods and yard facilities, provided they are approved by the Forest Products Service.)

In establishing new yards, solid, well-aligned foundations shall be used, consisting of sills placed clear of the ground on blocking firmly bedded to minimize sag. All blocking shall be obtained from suitable ends of board except that some blocking may be cut from cull logs slabbed on two sides which have been found to contain metal and have been marked by Corporation grader.

Each sill shall be constructed of three pieces of $7/4$ x 6" - 12' or shorter in length, laid flatwise across the foundation blocking. All stock in any one pile foundation shall be of the same length; i.e., all 10' or 12'. The stock used for sills shall be sawed the same as other $7/4$ lumber; i.e., set for 1- $7/8$ " green thickness and 6- $1/4$ " width. The use of more than three pieces of $7/4$ " x 6" in one sill is prohibited.

(Do not mix different lengths in the same sill or in the same pile foundation.)

No stock used for sills shall be better than #4 Common. Stock for sills shall be cut in sufficient quantity to permit distribution for a week ahead of pile bottom construction, and shall be laid out on the ground so it can dry out appreciably before being assembled in the sill.

(Use the lowest grade stock for sill construction, but avoid pieces with bad grain (conks), large knot clusters, or other defects, farther than 1' from the ends, which materially weaken them for use as foundation sills. Use as much #5 Common as possible.)

Sills shall be solidly blocked before any lumber is piled on them. Blocking shall be spaced not more than 4 feet apart, center to center of blocking, and shall be located so that all foundation sills will be solidly supported at points one foot in from both sides of each lumber pile. Additional blocking may be required where joints between ends of sills come directly under lumber piles. All blocking shall provide a uniform bearing surface for the sills at least 6" wide. Blocking shall NOT be placed under sills in spaces between piles.

All lumber from 6 to 16 feet in length, inclusive, shall be piled on three-sill foundations having an over-all distance of 12 feet from front to rear sill except where sills are to be blocked up so the piles will always be level in a crosswise direction. There shall be not less than 6" of space between the ground and the bottoms of sills at any point between blocking supports. Lengthwise of the piles, foundations shall slope downward at least 4" from front to rear. On sloping ground pile foundations shall follow the natural slope of the ground downward from front to rear sill.

(A representative of Corporation will advise the operator on the ground regarding general layout of foundation.)

Four-sill foundations may be required (14 feet, front to rear) when proportion of 16-foot lengths is high enough to warrant the extra sill, as determined by Corporation.

Each thickness of each species shall be piled separately.

All grades shall be piled together.

Unless otherwise instructed in writing by Corporation each width in each thickness shall be piled separately.

Stickers shall be placed on all sills before laying first course, with two stickers, one along the front edge and one along the rear edge of each front sill. Piling shall be started with front ends of board flush with outer edge of front sill. As the pile increases in height, stickers at the front of the pile should be offset toward the alley about 1" per vertical foot. Ends of boards resting on the front sticker should be flush with the front edge of the sticker. Other tiers of stickers should be started directly over the centers of foundation sills and offset to keep them parallel

with the front tier of stickers from the bottom to the top of the pile. All piles shall be 6' wide and at least 12' high.

(Directions will be given by Corporation regarding the placement of 6', 8' and 10' lengths so as to give proper support under all front and rear stickers.)

Spacing across courses shall be at least 2" between 4/4 boards up to 10" in width, and 3" between wider boards. Boards thicker than 4/4 shall be spaced 3" apart. The space between boards shall be kept in line from bottom to top of pile. In piles of random widths, when permitted by Corporation, chimneys 12" wide by 4' high shall be left through the centers of the bottom portions.

Main alleys shall be 16' wide on ground where double row piling is used and there shall be at least 6' clear spacing between piles back to back and at least 2' clear side spacing between adjoining piles. When all piles face in the same direction, main alleys 12' wide may be authorized by Corporation.

Stickers shall be cut by the operator from 4/4 edgings and clipped to lengths not more than 2" longer than the width of the lumber pile. Stickers shall be approximately 2" wide and must not taper off at the ends to less than a 1" width in bearing surface of sound wood.

All lumber produced under this agreement shall be piled by the operator for seasoning within twelve hours after sawing, unless otherwise specified by Corporation. Not more than one pile of one species and piling-segregation class of material shall be in process of erection at one time, except as specifically authorized by the representative of Corporation.

Pile covers - All piles of lumber shall be covered immediately after they have been completed. Covers shall be in single layers, supported at the front end by a 1" x 6" low-grade board on edge, at the center of the pile by stickers piled one on another, and at the rear by a sticker across the back of the top course. The covers shall slope at least $\frac{1}{2}$ " per foot of pile length. Overlapping layers of cover boards shall be separated by a 4/4 sticker. The cover boards shall extend 1' beyond the top front sticker of the pile and at least $1\frac{1}{2}$ ' beyond the longest nominal lengths at the rear of the pile. Cover boards shall be held securely in place by the use of heavy slabs laid across the roofs at right angles to the lengthwise direction of the boards in the roofs. Slabs shall be placed at the following points on the roof:

- (a) Across the front of the pile directly behind the header board.

- (b) Near the center of the pile, over the lap in the roof boards.
- (c) Near the back of the pile directly over the rear supporting sticker.

Covers shall consist of low-grade boards selected and marked "R" by Corporation tallyman from #4 Common, #5 Common, cull and mis-cut boards. Only boards so selected and marked shall be used by the Corporation for roofing piles.

Operator shall pay _____ cents a board for any lumber used in pile covers which is not selected and marked "R" by Corporation tallyman, such charge to be deducted from payments due the operator.

Temporary covers of low-grade roof boards shall be placed over incomplete and unroofed piles on weekends and at other times, as requested by the representative of Corporation, to prevent the degrading of lumber.

Excess foundation sills - No more foundation sills shall be cut by the operator than are actually needed for the piling of the lumber sawed by him under this agreement.

SPECIFICATIONS

Lumber Handling Specifications
(Title)

See Sections K and L. These specifications will be included in appropriate Exhibit in the agreement. Where Lumber Sawing Specifications and Lumber Piling Specifications are used, this specification will be made a part of the same Exhibit.

Deduction rates for loss through negligent handling should be included in each case.

The following is illustrative only of the general type of Specification which should be drawn to fit the requirements of each transaction:

Operator shall pay, for all loss or degrade caused by careless handling such as breakage or splitting from improper handling at the mill or yard or from running over boards with trucks, wagons or other heavy equipment, staining, checking, warping or splitting caused by allowing boards to remain unpled for excessive periods or by exposure in uncovered piles or partial piles, and for other loss and degrade obviously resulting from improper handling or carelessness, as determined by the representative of Corporation. The amount of such assessment shall be based on the original grade and footage of the damaged material evaluated at its current wholesale market value, as determined by Corporation. No charge will be made for breakage of spike-knotted or other weak pieces occurring in spite of careful handling and judged by Corporation to be unavoidable.

(When lumber is scaled by the representative of Corporation for loss due to careless handling, as provided in any of the foregoing provisions for charges, each board so scaled, counted or tallied, shall be distinctively marked by him to prevent duplication in subsequent scaling.)

CERTIFICATES

Certificate as to Liens

(Title)

(For use with Forms FPS 30, 36 and 37)

_____, for the purpose of obtaining
 (Name of Borrower or Operator)
 advance # _____ in the amount of \$ _____ on the loan
 under that certain _____ Agreement between
 (Loan, Loan and Purchase)
 Commodity Credit Corporation, acting by and through the United
 States Forest Service, and _____,
 (Name of Borrower or Operator)
 dated _____, (Contract # _____), hereby
 (Date of Agreement)
 certifies and represents that the forest products delivered or to
 be delivered to the storage yard described in said agreement to
 secure the requested advance, are and shall remain free and clear
 of all liens and encumbrances, except:

Lienholder	Address of Lienholder	Kind of Lien	Amt. of Lien

Signed this _____ day of _____, 194____, at

_____.

CERTIFICATES

Certificate as to Liens
 (Title)
 (For Use with Form FPS 35)

_____, for the purpose of obtaining payment for forest products covered by invoice dated _____
 (Name of Seller)
 _____ and which have been delivered under the terms of that certain Purchase Agreement between Commodity Credit Corporation, acting by and through the United States Forest Service and _____, dated _____,
 (Name of Seller) (Date of Agreement)
 (Contract # _____), hereby certifies and represents that said products are free and clear of all liens and encumbrances except:

Seller Lienholder	Address of Lienholder	Kind of Lien	Amt. of Lien

Commodity Credit Corporation is hereby authorized, requested and directed to pay and satisfy any and all such liens out of the amount due Seller for said products and to deduct any amount so paid from amount due Seller.

This _____ day of _____, 194____, at _____.

 (Seller)

CERTIFICATE

Certificate as to Pledged Products
 (Title)
 (For Use with Forms FPS 30 and 36)

I _____, _____
 (Name) (Title)
 hereby certify that I have examined and appraised the forest products, or _____ from which forest products are to be
 (Trees, Logs, etc.)
 processed, which have been or are to be delivered by _____
 (Name of
 _____ to Commodity Credit Corporation to secure
 Borrower or Operator)
 advance # _____ in the amount of _____ Dollars
 (\$ _____) requested by _____ on
 (Name of Borrower or Operator)
 _____ under the terms of that certain _____
 (Date of Request)
 _____ Agreement between Commodity Credit
 (Loan, Loan and Purchase)
 Corporation, acting by and through the United States Forest Service,
 and _____, dated _____
 (Name of Borrower or Operator) (Date of Agreement)
 (Contract # _____), and I further certify that the kinds and
 dimensions by species and the estimated quantity and appraised end
 value of the forest products delivered or to be delivered are as
 follows:

This _____ day of _____, 194____, at _____.

 (Name)

 (Title)

CERTIFICATE

Certificate as to Pledged Products

(Title)

(For Use with Form FPS 37)

I _____, _____
 (Name) (Title)
 hereby certify that the kinds and dimensions by species and the
 quantity of the forest products delivered by _____
 (Name of Borrower)
 to Commodity Credit Corporation to secure advance # _____ in the
 amount of _____ Dollars (\$ _____) requested by
 _____ under the terms of that certain Loan
 (Name of Borrower)
 Agreement between Commodity Credit Corporation, acting by and
 through the United States Forest Service, and _____,
 (Name of Borrower)
 dated _____, (Contract # _____) are as shown
 (Date of Agreement)
 on the attached _____ . I
 (Tally Sheet, Receipt for Pledged Products)
 further certify that said forest products have an appraised end
 value of \$ _____ .

This _____ day of _____, 194____, at _____.

 (Name)

 (Title)

CERTIFICATE

Operator's Processing Certificate

(Title)

(For Use with Form FPS 31)

_____, for the purpose of obtaining
(Name of Operator)
advance # _____ in the amount of \$ _____ on the loan under
that certain Processing and Loan Agreement between Commodity Credit
Corporation, acting by and through the United States Forest Service,
and _____, dated _____ (Con-
(Name of Operator) (Date of Agreement)
tract # _____), hereby certifies and represents that the esti-
mated quantity of forest products to be processed with said advance
is as follows:

This _____ day of _____, 194____, at _____

_____.

SAMPLE TRANSACTIONSLoan to Process Lumber

Operator (John Doe, Jonesville, Georgia) has a mill, experienced crew, but no unencumbered collateral. Desires loan to buy stumpage, do logging and produce lumber. Will give pledge or mortgage on all processed products which land in a designated yard. Requires 15 to 20 days to get into production - capacity 20 MBF per day valued at \$30 M ft. Wants loan of \$3,000 for 4 $\frac{1}{2}$ months.

A chattel mortgage, if possible to secure, is suggested in order to obtain security for the loan from time title to logs vests in the Borrower. Since title to all the logs covered by the agreement will not be vested in the Borrower at the time the chattel mortgage is executed, under the law in some States a chattel mortgage would not be an effective lien on logs acquired thereafter. Thus the chattel mortgage cannot be used effectively in all cases and it will be necessary to rely in some cases on the pledge agreement alone for security. If chattel mortgage is used it must be recorded in the County involved in the transaction. For the purpose of this illustration, it will be assumed that it is not practicable to obtain a chattel mortgage.

The following forms will be involved:

Form FPS-27, Application for Loan: Sample included.

Form FPS-28, Financial Statement, will be required with application since funds will be advanced under the loan before the first delivery of security. Sample included.

Form FPS-29, Note. Sample included as Exhibit "A" attached to Loan Agreement.

Form FPS-30, Loan Agreement. Sample included

Form FPS-34, Timber Sale Agreement. Borrower had a contract to buy stumpage from Richard Roe, also of Jonesville, Georgia, but upon examination of its terms by the Area Forester, upon receipt of Doe's application, the Area Forester found that it would not meet FPS requirements as to two principal features (1) the stumpage prices were too low, and (2) it included no provisions relative to forest practices. Since the products which the applicant planned to process were badly needed to fill high priority orders and since the applicant's assets and general reputation were such as to justify

the loan, he was informed that a loan of \$3,000 would be approved provided he entered into a contract with the stumpage owner on Form FPS-34, Timber Sale Agreement. Doe contacted Roe, showing him a copy of the contract form with a copy of Exhibit B attached thereto and a schedule of stumpage prices. Roe agreed to enter into such a contract with Doe. The Area Forester then drew up Forms FPS-29 (note), 30 (loan agreement), and 34 (timber sale agreement.)

Doe and Roe executed the contract on Form FPS-34 and Doe delivered an executed copy of it to the Area Forester.

Doe and the Area Forester then executed Form FPS-30, Doe at the same time signing the note on Form FPS-29.

An advance of \$1,000 to be used immediately for purchase of stumpage and operating supplies was requested, approved, and made on January 16, 1943. Operator began woods operations and was about ready to start sawing on February 1 but found it necessary to request an additional advance on that date to meet his pay roll. The first delivery of lumber arrived at the concentration yard on February 5 and deliveries approximating 50 MBF per week continued to arrive during the following three weeks. On February 25, Doe requested a further advance of \$1,000 to meet additional stumpage payments and operating expenses. By February 28 Doe had delivered to the concentration yard 160 MBF valued at \$4,800. In order to meet his March 1 pay roll he arranged to sell to a third party 40 MBF for \$1,200. A release for this amount was readily obtained from the Area Forester (see sample Form FPS-41) since the balance remaining pledged after releasing this amount was still in excess of 112% of the loan. Similar releases were made on March 20 and April 10. By April 15 Doe had delivered a total of 300 MBF of lumber to the concentration yard, of which 120 MBF had been released, leaving a balance of 180 MBF in the yard. On April 25 he arranged with a buyer to furnish him with a certified check payable to the Commodity Credit Corporation in the amount of \$3,020.05 in liquidation of the principal and interest on his note and secured a release (no sample included since it is similar to the attached release forms FPS-41, executed on February 28) on the entire amount of lumber held for his account at the concentration yard, closing the transaction as far as the FPS is concerned. However, Doe himself received from his buyer approximately \$2500 additional with which he was able to continue his operation independently.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

APPLICATION FOR LOAN
by

John Doe
(applicant)

Jonesville, Ga.
(complete address)

1. Applicant hereby applies to Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service"), for a loan of not to exceed \$ 3,000.00.

2. Applicant agrees that the loan shall be used for the following purposes:

Purchase of stumpage and payment of labor and other operating expenses in logging, hauling and sawing logs into lumber.

3. Applicant offers as security for the loan the following:

The products which are produced with the proceeds of this loan

and represents that such security is free and clear of all liens and encumbrances except those in favor of the following lienholders:

none

4. Applicant is engaged in the business of logging and milling

5. Applicant agrees to execute notes, mortgages and other documents and to pledge, mortgage or otherwise encumber its property as required from time to time by Corporation and to comply at all times with the practices, procedures, rules and regulations that may be prescribed by Corporation in connection with the loan.

6. Applicant attaches hereto, as part of this application the following:

Exhibit "A" - Form FPS-28, Financial Statement.

(If applicant is a corporation).

Exhibit "B" - Certified copy of resolution of applicant's Board of Directors authorizing the filing of this application for, acceptance of, and execution of instruments necessary to secure the loan.

Exhibit "C" - Certificate, by applicant's Secretary, under the seal of the corporation, stating that the corporation is authorized to carry out the purposes for which the loan is requested.

7. All statements herein and in the exhibits attached are statements of fact and representations made for the purpose of obtaining the loan and are warranted correct, and this application is made with full knowledge of the provisions of Section 35 of the Criminal Code of the United States. 1/

This twelfth day of Jan., 1943.

(S) John Doe
(Applicant)

1/ Section 35 reads, in part, as follows:

"*** whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

FINANCIAL STATEMENT

(To accompany "Application For Loan" as a part thereof)

Financial Statement of John Doe
(Name; if corporation or copartnership, see below)

If corporation: A corporation organized and existing under the laws of the State

(name of State), having an office and principal place of business at (name of city
or town)

If copartnership: (Name of partner) and (name of partner), partners, doing

business under the firm name and style of (firm name).

ASSETS

. Property:

(a) Lands and stumpage-

VALUE

_____	acres nontimbered or cut-over land	\$ _____
_____	" timbered land	_____
* _____	" mill site(include pond site, if any)	_____
* _____	" mill yard	_____
_____	M ft. stumpage(on land not owned)	_____
_____	rights of way, easements; etc.	_____
_____	Total	_____

(b) Buildings and structures, including machinery and fixtures-

VALUE

_____	1 Sawmills	\$ 5,000.00
_____	Planing mills	_____
_____	Dry kilns	_____
_____	Other buildings and structures	_____
_____	Total	5,000.00

(c) Equipment-

VALUE

_____	head of	\$ _____
_____	" "	_____
_____	2 auto trucks	1,000.00
_____	engines used in logging	_____
_____	Other logging equipment	500.00
_____	Total	1,500.00

(d) Merchandise and forest products-

VALUE

_____	Merchandise and supplies	\$ _____
_____	M ft. B.M. logs	_____
_____	M ft. B.M. lumber	_____
_____	Other forest products	_____
_____	Total	_____

*Mill and yard sites may be grouped if desired.

ASSETS - Continued

(Items 3 and 6 apply only to corporations)

2. Cash		\$	100.00
3. Capital stock subscribed but not paid in			-
4. Notes receivable:			
(a) Secured	\$		
(b) Unsecured			
5. Accounts receivable:			
(a) Past due	\$		
(b) Due			
(c) Not due			
6. Sinking fund			
7. Other assets. (List by items below.)			
Total assets			6,600.00

LIABILITIES

(Items 1, 2 and 6 apply only to corporations)

1. Capital stock:			
(a) Paid in	\$		
(b) Subscribed			
2. Bonds			
3. Mortgages			
4. Notes payable			
5. Accounts payable			2,300.00
6. Surplus			
7. Other liabilities. (List by items below.)			
Total liabilities			2,300.00

TIMBER LAND AND STUMPAGE OWNED

Location	Acres	Estimate M feet	Species	Stumpage Value per M feet	Total Value

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

LOAN AGREEMENT

THIS AGREEMENT, made and entered into between the Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation") acting by and through the United States Forest Service (hereinafter called "Forest Service"), and

John Doe of Jonesville,

State of Georgia (hereinafter called "Borrower"):

W I T N E S S E T H

WHEREAS, Borrower desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian purposes,

NOW, THEREFORE, in consideration of the covenants and agreements herein, the parties hereto agree as follows:

1. Corporation agrees to make a loan to Borrower in an amount not to exceed

Three Thousand and No/100 Dollars(\$3,000.00) :
Such loan shall be evidenced by a note, attached hereto as Exhibit "A", payable upon demand, but in no event later than May 31, 1943, and shall bear interest on the amount owed at any time computed at the rate of three per centum (3%) per annum. The loan shall be secured by a pledge of forest products described in Exhibit "B" attached hereto and made a part hereof, in the manner described in paragraphs 5 and 6 of this agreement and such additional security as Corporation may require.

2. The proceeds of the loan made under this agreement shall be used exclusively for the following purposes:

To pay for stumpage and to pay labor and other operating expense required in logging, hauling, and sawing into lumber.

3. Advances under this agreement shall be made upon Borrower's written request in such form and with such certifications as may be prescribed by Corporation; such requests shall be

directed to Area Forester, United States Forest Service, Brownville, Ga., and accompanied by:

- (a) A certificate issued by a representative of Corporation describing the kinds and dimensions, by species; the estimated quantity and the appraised end value of the forest products delivered or to be delivered to the storage yard designated in paragraph 5 as security for the loan under this agreement, and
- (b) A certificate by Borrower that the forest products to be delivered are free and clear from all liens and encumbrances or a Lien Waiver as required by paragraph 7.
- (c) In the event any advance is used by Borrower to purchase forest products for processing,
 - (i) A copy of Borrower's contract of purchase.
 - (ii) A chattel mortgage in favor of Corporation if so requested in form approved by Corporation, covering such forest products.
 - (iii) A statement of Borrower directing payment of the advance to Borrower's vendor.

The amount of any advance shall not exceed ninety percent (90%) of the appraised end value, as determined by Forest Service, of the forest products securing such advance. Upon approval of such requests by Corporation, payment of the applicable advance shall be made to or as directed by Borrower.

4. It is understood and agreed that grading (cruising, marking, scaling and tallying) of all forest products covered by this agreement shall be done by representatives of Corporation and shall be binding on all parties hereto. The cost of such service is to be borne by Borrower at the rate of \$0.60 amount per MBF (MBF, cord, etc.) on the basis of the estimated quantity of the forest products, against which such advance is made, as determined by Forest Service. Borrower hereby authorizes and directs Corporation to deduct such costs from each advance under this agreement.

5. The forest products processed by Borrower with funds obtained under the terms of this agreement shall conform to the specifications with respect to kinds, species, dimensions, and estimated quantity set out in Exhibit "B" attached hereto. Borrower shall deliver possession to Corporation of all forest products processed under this agreement, and such processed forest products shall be piled or decked by and at Borrower's expense in the manner prescribed in the attached Exhibit "C", at the following described storage yard(s): Corporation's yard No. 1
Jonesville, Ga.

Such deliveries shall begin on or before February 5, 1943, and be maintained at the rate of not less than 40 MBF
(MBF, cords, etc.)
during each week _____ of operation under this agreement.
(wk, mo., etc.)

6. Such products shall be held under pledge to secure payment of the loan made under this agreement. Borrower, on or before the loan becomes due and payable, may redeem for such uses as may be approved by Corporation part or all of such products remaining under pledge to Corporation at the time of such redemption, upon the payment to Corporation of the amount owed with respect to such products redeemed, plus accrued interest on the entire amount owed Corporation at the time of such redemption. It is mutually understood and agreed that whenever the appraised value of such forest products under pledge, as determined by Forest Service, exceeds 112 per centum (112%) of the entire amount owed including interest, Corporation shall, upon request of Borrower, select and release, for such uses as may be approved by Corporation, a part of the pledged forest products equal in value to such excess.

7. All forest products delivered to the storage yard(s) shall be free from all liens and encumbrances except in favor of the lienholders who have executed Lien Waiver on the form attached hereto as Exhibit "D".

8. Borrower hereby grants to Corporation an option to purchase part or all of the forest products processed under this agreement, upon payment by Corporation to or as directed by Borrower, of amounts computed on the basis of the Schedule of Prices, attached hereto as Exhibit "E"; Provided, that Corporation shall set-off against any such payments the amount owed Corporation by Borrower including interest thereon.

9. Upon the maturity and nonpayment of the loan made under this agreement, or if, within thirty days from the date of a request by Corporation for an acceleration of the redemption and market-

ing of pledged forest products, such redemption and marketing are not increased to the satisfaction of Corporation, Corporation is authorized to place all or any part of the pledged forest products in any pool or pools with any other forest products held by Corporation and, either by pool or separate contract, or otherwise, to sell, assign, transfer, and deliver such forest products, or documents evidencing title thereto, at such time, in such manner, for cash or upon such terms and conditions as Corporation may determine, directly, or through any agency, at public or private sale, for immediate or future delivery, and without demand, advertisement, or notice of the time and place of sale or adjournment thereof, or otherwise; and upon such sale, Corporation may become the purchaser of the whole or any part of such forest products. After deducting all fees, costs, and expenses incident to insuring, carrying, handling, marketing (including delivery), or otherwise dealing with such forest products and accounting for the proceeds thereof, including reasonable attorney fees, Corporation shall apply the residue of any sales proceeds toward the repayment of said loan returning the overplus, if any, only to Borrower, without right of assignment to or substitution of any other party.

10. Borrower hereby agrees that, subject to existing contracts, owners of stumpage used in processing forest (stumpage, logs, etc.) products under this agreement shall be paid therefor by Borrower, or by those from whom or through whom Borrower purchases the same, at prices not less than those set out in Exhibit "F" attached hereto. Upon the failure of Borrower, or any person from whom or through whom Borrower purchases said stumpage, to pay the (stumpage, logs, etc.) owners thereof the prices set out in Exhibit "F", Corporation is hereby authorized to pay to such owners for the account of Borrower the difference between the prices actually paid and the prices set out in Exhibit "F" and to charge as an advance on the loan made hereunder any money paid by Corporation under this provision.

11. (a) Borrower represents that Borrower and any third party or parties with which Borrower may transact business under contract or otherwise pursuant to this agreement, shall conduct forest operations, including but not limited to selecting trees for cutting, felling trees, transporting, and similar other logging and processing operations pursuant to the provisions of Exhibit "G" attached hereto; Provided, that Borrower shall not be liable for misrepresentation by reason of any violation of this paragraph 11 by a third party, or parties, if Borrower could not have avoided such violation by utilizing all the information available to Borrower.

(b) Any violation of this paragraph 11 by Borrower, or any third party or parties described in part (a) of this paragraph 11, with regard to the forest and other operations described in Exhibit "G" hereto, shall constitute a breach of a material condition of this agreement; in which event Corporation shall have the right, at its option, either to (i) terminate this agreement upon appropriate notice to Borrower, or (ii) recover from Borrower, as liquidated damages (not as penalty) at the rates specified in Exhibit "G", or (iii) terminate this agreement and recover such liquidated damages.

12. Borrower, in conducting operations under this agreement, shall comply with the Fair Labor Standards Act (29 U.S.C. 201-19), to the extent such Act applies to operations under this agreement, and, in the event any of such operations are performed by a contractor or subcontractor, Borrower shall require like compliance by such contractor or subcontractor.

13. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

14. Borrower represents that Borrower has full knowledge that Corporation will rely upon this agreement in making a loan to Borrower and that any misrepresentation or other fraudulent conduct of Borrower will render Borrower subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80). 1/

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate, this fifteenth day of January, 1943, at Brownville, Ga..

COMMODITY CREDIT CORPORATION
Acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By (S) James Pine, Area Forester
(Official Title)

(S) John Doe
(Borrower)

1/ Section 35 reads, in part, as follows:

****whoever shall knowingly and willfully falsify or conceal*** a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false *** certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM.

N O T E

\$ 3,000.00 (Date) Jan. 15, 1943

On or before May 31, 1943, or upon such earlier date as Commodity Credit Corporation may make demand, for value received John Doe promises to pay to the order of Commodity Credit Corporation, at Atlanta,

Georgia, *the principal sum of Three

Thousand and no/100 Dollars (\$ 3,000.00) plus interest on the amount owed at any time, computed at the rate of three per centum (3%) per annum.

This note is subject to the terms and conditions of the Loan Agreement entered into on the (Loan, Loan and Purchase, etc.)

fifteenth day of January, 1943

between John Doe
and Commodity Credit Corporation.

(S) John Doe
(Borrower)

Jonesville, Ga.
(Borrower's Complete Address)

*Note: Remittance to be mailed to Assistant Regional Director, Division of Finance and Banking, U. S. Forest Service, Atlanta,
Georgia.

Exhibit "B" to accompany loan agreement between Commodity Credit Corporation and John Doe, dated Jan. 15, 1943

Estimated production to be delivered to concentration yard:

Longleaf pine:

1" Boards, rough, random widths & lengths

40 MBF #1 Common

120 MBF #2 "

40 MBF #3 "

Timbers, rough

#1 Common

10 MBF 8 x 8 - 16

20 MBF 6 x 6 - 8

10 MBF 4 x 4 - 8

#2 Common

20 MBF 8 x 8 - 8

20 MBF 6 x 6 - 8

30 MBF 4 x 4 - 8

Exhibit "C" to accompany loan agreement between Commodity Credit Corporation and John Doe, dated Jan. 15, 1943.

Lumber Piling Specifications

Rough Lumber

In establishing new yards, solid, well-aligned foundations shall be used, consisting of sills placed clear of the ground on blocking firmly bedded to minimize sag. All blocking shall be obtained from suitable ends of board except that some blocking may be cut from cull logs slabbed on two sides which have been found to contain metal and have been marked by Corporation grader.

Each sill shall be constructed of three pieces of $7/4$ x 6" - 12' or shorter in length, laid flatwise across the foundation blocking. All stock in any one pile foundation shall be of the same length; i.e., all 10' or 12'. The stock used for sills shall be sawed the same as other $7/4$ lumber; i.e., set for $1-7/8$ " green thickness and $6-1/4$ " width. The use of more than three pieces of $7/4$ x 6" in one sill is prohibited.

(Do not mix different lengths in the same sill or in the same pile foundation.)

No stock used for sills shall be better than #4 Common. Stock for sills shall be cut in sufficient quantity to permit distribution for a week ahead of pile bottom construction, and shall be laid out on the ground so it can dry out appreciably before being assembled in the sill.

(Use the lowest grade stock for sill construction, but avoid pieces with bad grain (conks), large knot clusters, or other defects, farther than 1' from the ends, which materially weaken them for use as foundation sills. Use as much #5 Common as possible.)

Sills shall be solidly blocked before any lumber is piled on them. Blocking shall be spaced not more than 4 feet apart, center to center of blocking, and shall be located so that all foundation sills will be solidly supported at points one foot in from both sides of each lumber pile. Additional blocking may be required where joints between ends of sills come directly under lumber piles. All blocking shall provide a uniform bearing surface for the sills at least 6" wide. Blocking shall NOT be placed under sills in spaces between piles.

All lumber from 6 to 16 feet in length, inclusive, shall be piled on three-sill foundations having an over-all distance of 12 feet from front to rear sill except where sills are to be blocked up so the piles will always be level in a crosswise direction. There shall be not less than 6" of space between the ground and the bottoms of sills at any point between blocking supports. Lengthwise of the piles, foundations shall slope downward at least 4" from front to rear. On sloping ground pile foundations shall follow the natural slope of the ground downward from front to rear sill.

(A representative of Corporation will advise the operator on the ground regarding general layout of foundation.)

Four-sill foundations may be required (14 feet, front to rear) when proportion of 16-foot lengths is high enough to warrant the extra sill, as determined by Corporation.

Each thickness of each species shall be piled separately.

All grades shall be piled together.

Unless otherwise instructed in writing by Corporation each width in each thickness shall be piled separately.

Stickers shall be placed on all sills before laying first course, with two stickers, one along the front edge and one along the rear edge of each front sill. Piling shall be started with front ends of board flush with outer edge of front sill. As the pile increases in height, stickers at the front of the pile should be offset toward the alley about 1" per vertical foot. Ends of boards resting on the front sticker should be flush with the front edge of the sticker. Other tiers of stickers should be started directly over the centers of foundation sills and offset to keep them parallel with the front tier of stickers from the bottom to the top of the pile. All piles shall be 6' wide and at least 12' high.

(Directions will be given by Corporation regarding the placement of 6', 8', and 10' lengths so as to give proper support under all front and rear stickers.)

Spacing across courses shall be at least 2" between 4/4 boards up to 10" in width, and 3" between wider boards. Boards thicker than 4/4 shall be spaced 3" apart. The space between boards shall be kept in line from bottom to top of pile. In piles of random widths, when permitted by Corporation, chimneys 12" wide by 4' high shall be left through the centers of the bottom portions.

Main alleys shall be 16' wide on ground where double row piling is used and there shall be at least 6' clear spacing between piles back to back and at least 2' clear side spacing between adjoining piles. When all piles face in the same direction, main alleys 12' wide may be authorized by Corporation.

Stickers shall be cut by the operator from 4/4 edgings and clipped to lengths not more than 2" longer than the width of the lumber pile. Stickers shall be approximately 2" wide and must not taper off at the ends to less than a 1" width in bearing surface of sound wood.

All lumber produced under this agreement shall be piled by the operator for seasoning within twelve hours after sawing, unless otherwise specified by Corporation. Not more than one pile of one species and piling-segregation class of material shall be in process of erection at one time, except as specifically authorized by the representative of Corporation.

Pile covers - All piles of lumber shall be covered immediately after they have been completed. Covers shall be in single layers, supported at the front end by a 1" x 6" low-grade board on edge, at the center of the pile by stickers piled one on another, and at the rear by a sticker across the back of the top course. The covers shall slope at least 1/2" per foot of pile length. Overlapping layers of cover boards shall be separated by a 4/4 sticker. The cover boards shall extend 1' beyond the top front sticker of the pile and at least 1½' beyond the longest nominal lengths at the rear of the pile. Cover boards shall be held securely in place by the use of heavy slabs laid across the roofs at right angles to the lengthwise direction of the boards in the roofs. Slabs shall be placed at the following points on the roof:

- (a) Across the front of the pile directly behind the header board.
- (b) Near the center of the pile, over the lap in the roof boards.
- (c) Near the back of the pile directly over the rear supporting sticker.

Covers shall consist of low-grade boards selected and marked "R" by Corporation tallyman from #4 Common, #5 Common, cull and mis-cut boards. Only boards so selected and marked shall be used by the Corporation for roofing piles.

Operator shall pay 25 cents a board for any lumber used in pile covers which is not selected and marked "R" by Corporation tallyman, such charge to be deducted from payments due the operator.

Temporary covers of low-grade roof boards shall be placed over incomplete and unroofed piles on weekends and at other times, as requested by the representative of Corporation, to prevent the degrading of lumber.

Excess foundation sills - No more foundation sills shall be cut by the operator than are actually needed for the piling of the lumber sawed by him under this agreement.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

LIEN WAIVER

The undersigned holder of a lien on _____
(stumpage, forest products, etc.)
covered by the _____ Agreement dated _____, 194____,
(Sale, Loan, etc.)
between Commodity Credit Corporation (hereinafter called "Corporation")
and _____ (hereinafter called _____
(Name of Borrower, Operator, etc.) (Borrower,
_____) in order to enable Corporation to make _____
Operator, etc.) (Advances,
_____ to _____ in accordance with the
payments) (Borrower, Operator, etc.)
provisions of said agreement and in consideration of Corporation's
making such _____ to _____
(Advances, payments, etc.) ("Borrower", "Operator", etc.)
does hereby (1) waive any priority which his lien may have over the rights
Corporation may acquire under such agreement and (2) authorize (a) the
delivery to Corporation of such _____ free
(stumpage, forest products, etc.)
and clear of his lien, as provided in said agreement and (b) payment to
_____ of all proceeds accruing under the
(Borrower, Operator, etc.)
terms of said agreement.

Dated this _____ day of _____, 194____

(Signature of Lienholder, or authorized agent)

Exhibit "E"Schedule of Lumber Prices

Longleaf pine:

1" Boards, rough, random widths & lengths

#1	Common	\$35.00 MBF
#2	Common	30.00 MBF
#3	Common	25.00 MBF

Timbers, rough

#1 Common

8 x 8 - 16	\$36.00 MBF
6 x 6 - 8	33.00 MBF
4 x 4 - 8	32.00 MBF

#2 Common

8 x 8 - 8	\$34.00 MBF
6 x 6 - 8	30.00 MBF
4 x 4 - 8	30.00 MBF

Exhibit "F"

Schedule of Stumpage Prices

Longleaf pine

\$9.00 MBF

Exhibit G

Forest Practice Standards
and
Schedule of liquidated damages
for violation thereof

1. To provide some protection to the Forest, and to obtain efficient and economic operations in the cutting, transportation, and manufacture of the products cut in connection with this agreement. Only -

Longleaf Pine trees of _____ # d.b.h. or over,
(species)
_____ trees of _____ d.b.h. or over,
" _____ trees of _____ d.b.h. or over,
" _____ trees of _____ d.b.h. or over,
" _____ trees of _____ d.b.h. or over,
" _____ trees of _____ d.b.h. or over,
" _____

will be cut on the area cutover unless the trees are diseased, insect infested, or marked or designated in writing for removal in advance of cutting by a representative of the U. S. Forest Service.

2. (a) To insure adequate seed of desirable species for reforesting the area cutover in connection with this agreement:

_____ Longleaf _____ trees of _____ # d.b.h.
(No.) (species)
or over, and _____ trees of _____
(No.) (species)

or over, which are now capable of producing seed and which have satisfactory crowns and are expected to stand for at least 10 years, will be left uncut on each 3 acre(s) cutover, or -

(b) To insure adequate seed of desirable species for reforesting the area cutover in connection with this agreement _____ acres of timber will be left uncut for seed-bearing purposes in each unit of _____ acres cutover. Such seed blocks shall be located on ridges or locations where they will have maximum opportunity to seed the cutover area. Trees may be cut from these "seed blocks" only if marked or designated in writing for removal in advance of cutting by a representative of the U. S. Forest Service. (To permit utilization of species not needed or desired for seed.)

#Insert based on local standards.

3. To provide for proper utilization of the trees cut in connection with this agreement -

No Longleaf stump shall be cut higher than 12 inches, and
(species)

No _____ stump shall be cut higher than _____ inches, and
"

No _____ stump shall be cut higher than _____ inches, above
the ground. In addition, utilization in the top log shall be to
a - 8" d.i.b. for Longleaf trees, and
(species)

_____ d.i.b. for _____ trees, and
"

_____ d.i.b. for _____ trees, and
"

_____ d.i.b. for _____ trees.
"

4. (a) The Corporation reserves the right to require the cutting and bucking of forest products done in connection with this agreement to be accomplished so as to produce the maximum volume of specified products or grades, or both. Such products or grades will be specified in writing to the contractor or his representative at least ten days in advance of the application of this requirement, provided such requirement may not result in an increased cost of such cutting and bucking in excess of ten percent of the prior cutting and bucking cost. Or -

(b) All cutting or bucking done in connection with this agreement shall be done in a manner so as to yield the maximum volume of
logs of No. 1 and 2 from Longleaf,
(products) (quality)

_____, _____, _____ trees,
as a maximum volume of _____ of _____ from
(products) (quality)

_____, _____, _____
trees.

5. In order to prevent an undue fire hazard resulting from cutting operations in connection with this agreement, the following requirements will be complied with in respect to the disposal of slash on the cutover area: #

~~The following requirements will be complied with in respect to the felling of snags on the cutover area:~~

J.D. J.P.

#Insert based on local standards.

The following requirements will be complied with in respect to closing down all or part of the cutting operations during periods of special fire hazard as specified by the U. S. Forest Service representative:

Schedule of Liquidated Damages

- \$ _____ # per tree cut of less than the diameter specified, which is not diseased, insect infested or marked or designated in writing for removal by the Forest Service.
- \$ _____ # per seed tree cut which is specified to be left under the provisions of Section 11.
- \$.25 per stump cut of higher than the maximum height specified in Section 11.
- \$.25 per tree cut with top left with a larger d.i.b. than specified in Section 11.
- \$ _____ per snag specified to be cut which is left uncut on the area cutover.

Insert based on local standards.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

TIMBER SALE AGREEMENT

This agreement made and entered into between Richard
Roe of Jonesville, Ga., (hereinafter
called "Seller") and John Doe of Jonesville,
Ga. (hereinafter called "Buyer").

W I T N E S S E T H:

1. THAT for and in consideration of the agreement and covenants hereinafter set out Seller agrees to sell and Buyer agrees to buy at the prices hereinafter stated all the timber hereinafter described standing or growing on that certain piece or parcel of land lying and being in the County of Cherokee, State of Georgia, and more particularly described as follows:

Lots 123 and 124, District 25, Section 3.

The timber covered by this agreement is described by kinds and sizes as follows:

All merchantable longleaf pine which may be cut under the Forest Practice Standards proscribed in Exhibit B attached hereto, being approximately 350 MBF.

2. The prices per MBF at which the Seller
(MBF, cord, etc.)
agrees to sell and the Buyer agrees to buy the timber described
in paragraph 1 of this agreement (hereinafter referred to as the
"Timber") are as follows:

\$9.00 per MBF - stumpage price

3. Seller hereby covenants to and with Buyer that he is
lawfully seized and possessed of the Timber, that the Timber is
free and clear of all liens and encumbrances, except in favor of
the following lien-holders whose waivers thereof are hereto attached
as Exhibit "A", and that Seller has full power and authority to
sell the Timber.

None

4. In consideration of the financing by Buyer, in whole or
in part, of the operations under this agreement, pursuant to a
certain Loan agreement dated January 15,
(Loan, or Loan and Purchase)
1943, (hereinafter called "Loan Agreement") between Commodity Credit
Corporation (hereinafter called "Corporation"), acting by and
through the United States Forest Service (hereinafter called "For-
est Service") and Buyer, the parties to this Timber Sale Agreement
mutually understand, covenant and agree:

(a) That the cutting and removal of the Timber by
and at the expense of Buyer shall begin on or

before January 20, 1943 and shall be

completed on or before April 20, 1943;

(b) That in accordance with the terms of the Loan
Agreement payment of the purchase price of the
Timber shall be made to Seller by Corporation
for and on behalf of Buyer;

- (c) That title to the Timber, free and clear of all liens and encumbrances, shall vest in Buyer upon payment to Seller of the purchase price thereof;
- (d) That the volume of the Timber shall be determined by representatives of the Forest Service in the following manner; Scaled at Buyer's log landing,
according to the grading standards specified in
the attached Exhibit "C" and such determination shall be final. Scaling
(Scaling or Grading)
 will be according to the International 1/4"
 rule(s);
- (e) That whenever not less than 50 MBF,
(MBF, cords, etc.)
 payment for which has not theretofore been made, are cut, payment therefor shall be made only upon request of Seller;
- (f) That in cutting and removing the Timber, Buyer shall conduct such forest operations, including but not limited to selecting trees for cutting, felling trees, transporting and similar other logging and processing operations, pursuant to the provisions of Exhibit "B" attached hereto;
- (g) That any violation of paragraph (f) by Buyer with regard to the forest and other operations described in Exhibit "B" attached hereto, shall constitute a breach of a material condition of this agreement, in which event Seller shall have the right, at Seller's option, either to (a) terminate this agreement upon appropriate notice to Buyer, or (b) recover from Buyer, as liquidated damages (not as a penalty) at the rates specified in Exhibit "B" or (c) terminate this agreement and recover such liquidated damages; and
- (h) That if Buyer defaults in any manner in the performance of the terms, conditions, or provisions of this agreement, or of the Loan Agreement or of any instrument executed in connection therewith,

then and in that event, Corporation shall, at its election, but without subjecting itself to any of the accrued liabilities of Buyer for any default in the performance of this agreement, succeed to all rights and privileges of Buyer under this agreement. Notice of such election shall be given in writing to Seller by Corporation.

Signed in triplicate this fifteenth day of _____

January, 1943, at Jonesville, Ga.

(S) Richard Roe (SEAL)
(Seller)

(S) John Doe (SEAL)
(Buyer)

Witness as to seller:

(S) Henry Sollman

(S) John Spencer

Witness as to Buyer:

(S) Mary Brown

(S) Jane Jones

Exhibit BSPECIFICATIONS, CERTIFICATES, AND SCHEDULES FOR AGREEMENTSSPECIFICATIONS

Forest Practice Standards
and
Schedule of liquidated damages
for violation thereof

1. To provide some protection to the Forest, and to obtain efficient and economic operations in the cutting, transportation, and manufacture of the products cut in connection with this agreement. Only -

Longleaf pine trees of # d.b.h. or over,
(species)
_____ trees of _____ d.b.h. or over,
" _____
_____ trees of _____ d.b.h. or over,
" _____
_____ trees of _____ d.b.h. or over,
" _____
_____ trees of _____ d.b.h. or over,
" _____

will be cut on the area cutover unless the trees are diseased, insect infested, or marked or designated in writing for removal in advance of cutting by a representative of the U. S. Forest Service.

2. (a) To insure adequate seed of desirable species for reforesting the area cutover in connection with this agreement:

 # Longleaf trees of # d.b.h.
(No.) (species)
or over, and trees of _____
(No.) (species)

or over, which are now capable of producing seed and which have satisfactory crowns and are expected to stand for at least 10 years, will be left uncut on each 3 acre(s) cutover, or -

(b) To insure adequate seed of desirable species for reforesting the area cutover in connection with this agreement _____ acres of timber will be left uncut for seed-bearing purposes in each unit of _____ acres cutover. Such seed blocks shall be located on ridges or locations where they will have maximum opportunity to seed the cutover area. Trees may be cut from these "seed blocks" only if marked or designated in writing for removal in

#Insert based on local standards.

advance of cutting by a representative of the U. S. Forest Service.
(To permit utilization of species not needed or desired for seed.)

3. To provide for proper utilization of the trees cut in connection with this agreement -

No Longleaf stump shall be cut higher than 12 inches, and
(species)

No _____ stump shall be cut higher than _____ inches, and
"

No _____ stump shall be cut higher than _____ inches, above
"

the ground. In addition, utilization in the top log shall be to a -
8" d.i.b. for Longleaf trees, and
(species)

_____ d.i.b. for _____ trees, and
"

_____ d.i.b. for _____ trees, and
"

_____ d.i.b. for _____ trees.
"

4. (a) The Corporation reserves the right to require the cutting and bucking of forest products done in connection with this agreement to be accomplished so as to produce the maximum volume of specified products or grades, or both. Such products or grades will be specified in writing to the contractor or his representative at least ten days in advance of the application of this requirement, provided such requirement may not result in an increased cost of such cutting and bucking in excess of ten percent of the prior cutting and bucking cost. Or -

(b) All cutting or bucking done in connection with this agreement shall be done in a manner so as to yield the maximum volume of logs of No. 1 & 2 from Longleaf,
(products) (quality)

_____, _____, _____ trees,

as a maximum volume of _____ of _____ from
(products) (quality)

_____, _____, _____ trees.

5. In order to prevent an undue fire hazard resulting from cutting operations in connection with this agreement, the following requirements will be complied with in respect to the disposal of slash on the cutover area: #

~~The following requirements will be complied with in respect to the felling of snags on the cutover area:~~

J.D. R.R.

#Insert based on local standards.

The following requirements will be complied with in respect to closing down all or part of the cutting operations during periods of special fire hazard as specified by the U. S. Forest Service representative:

To prevent early recutting of the cutover area.

Schedule of Liquidated Damages

\$ _____ # per tree cut of less than the diameter specified, which is not diseased, insect infested or marked or designated in writing for removal by the Forest Service.

\$ _____ # per seed tree cut which is specified to be left under the provisions of Section 4.

\$.25 per stump cut of higher than the maximum height specified in Section 4.

\$.25 per tree cut with top left with a larger d.i.b. than specified in Section 4.

\$ - per snag specified to be cut which is left uncut on the area cutover.

#Insert based on local standards

Exhibit "C"

Saw Log Grades for Second Growth Longleaf Pine,
Shortleaf Pine, Slash Pine and Loblolly Pine

Log Grade	Minimum Diameter	Length	Maximum defect permitted including sweep, rot, shake, etc.	Surface requirements on each of the three visible faces
No. 1	12"-15"	12' ✓	20%	Clear; no knots or indication of any.
"	16" ✓	12' ✓	30%	Two clear faces or 75% of the three faces clear in one piece.
No. 2	10"-14"	12' ✓	40%	Sound tight knots not more than 1½" in diameter.
"	15" ✓	12' ✓	50%	Sound tight knots not more than 2½" in diameter.
No. 3	8" ✓	12' ✓	50% #	Any log below No. 2 that is generally utilized.

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long 20 percent, 14' long and other lengths 40%. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. #Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

RELEASE

Order Restoring Possession to Borrower of Certain Forest

Products Pledged to Secure Advances by Commodity

Credit Corporation

In accordance with the terms of a certain loan agree-
(Loan, etc.)
ment executed 1/15, 1943, by John Doe
(hereinafter called "Borrower") and Commodity Credit Corporation
(hereinafter called "Corporation"), acting by and through the
United States Forest Service, Corporation hereby restores to Bor-
rower possession of the following described forest products (herein-
after called "Forest Products") which were pledged by Borrower to
secure payment of certain advances made by Corporation:

60 MBF longleaf pine lumber

#2 common,

1" boards, rough, random lengths and widths.

The Forest Products which have been stored in the
Corporation #1 Storage Yard may be removed therefrom by Borrower
upon delivery by him of this Release to the custodian of said
yard. Removal of any forest products not described above shall
constitute a trespass and shall be sufficient cause for taking
appropriate action under the terms of said loan agreement.
(Loan, etc.)

Commodity Credit Corporation
acting by and through the
Chief, United States Forest Service

By: (S) James Pine
(Title) Area Forester

The above described and marked or designated forest products
were restored to me and removed from the designated Storage Yard on
February 28, 1943.

(S) John Doe
(Borrower)

Sale of Forest Products

The subsequent sample agreement on Form FPS-33 covers a sale of FPS products. The transaction is characterized as follows:

(1) It is for specific quantities of specified material, hence initialed deletion in paragraph 1.

(2) Delivery is to be made over a short period of time; accordingly provision is made for advance payment in full and no bond is required.

(3) The purchaser has furnished purchase order bearing a preference rating of AA-1. The Area Forester has on hand for these classes of commodities no orders with preference ratings higher than AA-ZX; accordingly acceptance of and deliveries under this particular order take precedence (See Priorities Regulation No. 1 and WPB Order No. M-208 for procedure in handling rated orders for softwood lumber).

(4) The sale has been accomplished by direct negotiation, not by competitive bidding, as the purchase order in this case is a "defense order."

(5) Contract prices are at ceiling prices as of deliveries "originating from a mill" (see Maximum Price Regulation No. 19 for definition of "mill" and "shipment originating from a mill," and for ceiling prices on Southern Pine lumber).

(Sample)

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

SALES AGREEMENT

(C.C.C.'s Forest Products)

THIS AGREEMENT, made and entered into between Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service"), and Jones Shipbuilding Company of Mobile, Alabama, (hereinafter called "Buyer"),

W I T N E S S E T H:

WHEREAS, Buyer desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for the successful prosecution of the war and essential civilian requirements;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein, the parties hereto agree as follows:

1. Corporation agrees to sell and Buyer agrees to buy, in accordance with the terms and conditions of this agreement _____ (MBF, .

187.2 MBF of forest products of the kinds, species and cords, etc.) dimensions (hereinafter called the "Forest Products") and at the price or prices F.O.B. storage yard, Andalusia, Alabama as (Indicate F.O.B. point or storage yard where decked or piled) set forth below:

All Shortleaf Yellow Pine, Air Dried

4/4 Boards, rough, random lengths and widths:

20 MBF	No. 1	Common.	at \$37.00
50 MBF	No. 2	Common.	" 30.25
35 MBF	No. 3	Common.	" 25.00

Timbers, rough:

No. 1 Common:

2.0 MBF	8 x 8 x 16'	at	\$38.00
6.2 MBF	8 x 8 x 8'	"	38.00
10.4 MBF	6 x 6 x 8'	"	34.00
14.8 MBF	4 x 4 x 8'	"	36.00

No. 2 Common:

4.0 MBF	8 x 8 x 16'	at	\$34.00
10.6 MBF	8 x 8 x 8'	"	34.00
14.2 MBF	6 x 6 x 8'	"	31.00
20.0 MBF	4 x 4 x 8'	"	33.00

A variation of not exceeding _____ per centum (____%)
in volume of products sold and bought hereunder is permitted under this
agreement. JES ACW

2. Buyer shall within ten days after the date of this
agreement make an initial payment of not less than Five Thousand Nine
Hundred Twenty-Two and 10/100 dollars (\$ 5,922.10) and thereafter
~~shall make payment of the balance at the rate of not less than~~

~~_____ dollars (\$ _____) per~~
~~_____ for the Forest Products. All such payments~~
~~(week, month, etc.)~~ JES ACW

shall be made by certified check, bank draft, cashier's check, or money
order payable to the order of Commodity Credit Corporation, and shall

be sent to Chief, Division of Finance and Banking,
(Title)

United States Forest Service, at Atlanta, Georgia.
(Address)

~~At least _____ days prior to delivery by Corporation to~~
~~Buyer of the Forest Products from Corporation storage yard(s), Buyer~~
~~shall pay to Corporation an amount not less than the purchase price,~~
~~prescribed in paragraph 1 of this agreement, for the Forest Products~~
~~to be so delivered. The Forest Products shall be available for de-~~
~~livery to Buyer and delivery shall begin not later than December 1, 1942~~
~~and thereafter shall be made at the rate per~~ week JES
(week, month) ACW

of not less than the following quantities and species:

20 MBF boards, and 20 MBF timbers

~~In the event Buyer's payments to Corporation exceed the amount owed by Buyer under this agreement such excess amount shall be returned to Buyer by Corporation.~~ JES ACW

3. It is understood that tallying and grading
(grading, scaling, tallying, etc.)
of all Forest Products removed under this agreement shall be done by representatives of Corporation and shall be binding on all parties hereto. Grading will be according to the Southern
(grading or scaling)

Pine Association rule.

4. Delivery of the Forest Products under this agreement shall be in accordance with the following provisions:

- (1) Deliveries will be considered complete only when all lumber purchased is removed from the storage yard site, and resulting broken material, stickers, blocking, pile bottoms and roof boards are neatly piled on the site by Buyer to the satisfaction of Corporation. Corporation will repile and reroof any lumber other than that purchased that Buyer removes from existing piles in the course of removing the purchased lumber. It is the responsibility of Buyer to remove purchased lumber from existing piles.
- (2) Total tally of lumber sold will be identical to tally of Corporation as lumber is delivered to Buyer by Corporation. Records of individual deliveries to Buyer will be maintained by an authorized representative of Corporation. On days on which removal is made, removal shall be at the rate of not less than 10 MBF per day per inspector. Corporation reserves the privilege of tallying and bulk-piling on the site, for removal at Buyer's convenience, within the period allowed by the Sale Agreement, any purchased lumber for which shipping facilities are not available when Buyer has previously arranged delivery dates with Corporation, or when the volume to be shipped does not warrant keeping a tallyman at the site.

5. ~~If requested to do so by Corporation, Buyer shall within~~
~~_____ days after such request furnish a~~

~~(surety or cash)~~

~~continuing satisfactory bond to Corporation in the amount of~~
~~_____ dollars (\$_____)~~

~~conditioned upon the faithful performance of Buyer's obligations under this agreement.~~ JES ACW

6. Corporation shall permit Buyer to use roads, ways, and other rights of ingress and egress to and from the aforesaid storage yard(s) which Corporation now has or may acquire during the life of this agreement, but Corporation shall not be required nor will it undertake to obtain any roads, ways, or rights of ingress or egress other than those existing at the time this agreement is executed. Buyer shall repair, at Buyer's expense, any damage or impairment to such roads, ways, and other rights of ingress and egress resulting from the use thereof by Buyer.

7. Upon any default by Buyer in carrying out any of Buyer's obligations under this agreement, Corporation may terminate same by giving written notice to Buyer.

8. This agreement shall not be assigned in whole or in part by Buyer except with the written approval of Corporation.

9. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

10. Buyer represents that Buyer has full knowledge that Corporation will rely upon this agreement in selling forest products to Buyer, and that any misrepresentation or other fraudulent conduct of Buyer will render Buyer subject to prosecution under Section 35 of the United States Criminal Code (18 U.S.C. 80).^{1/}

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and willfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

IN WITNESS WHEREOF, the parties hereto have executed this agree-
ment in duplicate this 14th day of November,
1942, at Montgomery, Alabama.

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By (S) James E. Smith
Area Forester
(Title)

Jones Shipbuilding Co. (SEAL)
(Buyer)

By (S) A. C. Wilson
Purchasing Agent
(Title)

Purchase of Forest Products

The subsequent sample agreement, Form FPS-35, covers a purchase of forest products. The various steps in the transaction are explained in full in the sample form and exhibits.

U. S. DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION
GENERAL FOREST PRODUCTS PROGRAM

PURCHASE AGREEMENT
(Forest Products)

THIS AGREEMENT made and entered into between Commodity Credit Corporation, an agency of the United States (hereinafter called "Corporation"), acting by and through the United States Forest Service (hereinafter called "Forest Service"), and John Doe of Athens, Ga., (hereinafter called "Seller"),

W I T N E S S E T H:

WHEREAS, Seller desires to participate in the General Forest Products Program undertaken for the purpose of providing forest products needed for war and essential civilian purposes,

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein, the parties hereto agree as follows:

1. Seller agrees to sell and Corporation agrees to buy forest products of Seller not in excess of 300 MBF (MBF, cords, etc.)

which shall conform to the specifications as to kinds, species, and dimensions set out in Exhibit "A" at the prices set out in the schedule contained in Exhibit "B", both exhibits attached hereto and made a part hereof. Title to such forest products shall pass to and become vested in Corporation upon delivery to and acceptance by Corporation.

2. Whenever not less than 10 MBF (MBF, cords, etc.), have

been delivered to and accepted by Corporation, payment for which has not theretofore been made, and upon presentation by Seller of an invoice indicating such delivery, acceptance and nonpayment, certified by Seller and approved by a representative of Corporation, Corporation shall, subject to provisions of paragraph 5 of this agreement, pay the purchase price for such products to or as directed by Seller.

3. Seller, at Seller's expense, shall deliver possession to Corporation of the forest products purchased under this agreement at log landing, storage, or concentration yard of the Corporation at River Landing
Site #154. Such deliveries shall begin on or before March 10, 1943, and be maintained at rate of not less than 10 MBF
 (MBF, cords, etc.) during each week of operation under this
 (week, month) agreement.
4. All forest products delivered under the terms of this agreement shall be free and clear of all liens, encumbrances, and claims of third persons.
5. It is understood and agreed that grading and
 (cruising, marking, scaling) of all forest products grading, scaling, or tallying) covered by this agreement shall be done by representatives of Corporation and shall be binding on all parties hereto. Scaling shall be according to the International
 (Scaling - grading) 1/4" Rule log rule. Seller hereby agrees to pay for these services a fee of One Hundred and Eighty
(\$180.00) Dollars, (this being a flat fee with no adjustment to final scale and is calculated on the basis of \$.60 per MBF
 (MBF, cord, etc.) for the estimated quantity of timber or forest products upon which such services will be performed as set out elsewhere in this agreement) and hereby authorizes and directs Corporation to credit itself with this amount as an advance payment for forest products hereunder, such credit to be charged against the initial payment to be made to Seller.
6. Seller covenants and agrees that, during the life of this agreement, Seller will not, without the written consent of Corporation, sell or otherwise dispose of to any other person, firm or corporation any forest products conforming to the specifications as to kinds, species and dimensions set out in Exhibit "A".

7. (a) Seller covenants and agrees that Seller and any third party or parties with whom Seller may transact business under contract or otherwise to produce forest products covered by this agreement, shall conduct forest operations, including but not limited to selecting trees for cutting, felling trees, transporting and similar other logging and processing operations pursuant to the provisions of Exhibit "C" attached hereto: Provided that Seller shall not be liable by reason of any violation of this paragraph 7 by a third party, or parties, if Seller could not have avoided such violation by utilizing all the information available to Seller.
- (b) Any violation of this paragraph 7 by Seller, or any third party or parties described in part (a) of this paragraph 7, with regard to the forest and other operations described in Exhibit "C" hereto, shall constitute a breach of a material condition of this agreement; in which event Corporation shall have the right, at its option, either to (i) terminate this agreement upon appropriate notice to Seller, or (ii) recover from Seller, as liquidated damages (not as a penalty) at the rates specified in Exhibit "C", or (iii) terminate this agreement and recover such liquidated damages.
8. Seller hereby agrees that, subject to existing contracts, owners of stumpage used in processing (stumpage, logs, etc.) forest products under this agreement shall be paid therefor by Seller, or by those from whom or through whom Seller purchases the same, at prices not less than those set out in Exhibit "D" attached hereto. Upon the failure of Seller, or any person from whom or through whom Seller purchases said stumpage , to pay the (stumpage, logs, etc.) owners thereof the prices set out in Exhibit "D", Corporation is hereby authorized to pay to such owners for the account of Seller the difference between the prices actually paid and the prices set out in Exhibit "D" and to deduct any money paid by Corporation under this provision from the amount due Seller under this agreement.
9. Seller, in conducting operations under this agreement, shall comply with the Fair Labor Standards Act (29 U.S.C. 201-19), to the extent such Act applies to operations under this agreement, and, in the event any of such operations are performed by a contractor or subcontractor, Seller shall require like compliance by such contractor or subcontractor.

10. Upon any default by Seller in carrying out any of Seller's obligations under this agreement (except paragraph 7) Corporation may terminate same by giving written notice to Seller.
11. This agreement shall not be assigned in whole or in part except with prior approval of Corporation.
12. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.
13. Seller represents that Seller has full knowledge that Corporation will rely upon this agreement in purchasing forest products from Seller, and that any misrepresentation or other fraudulent conduct of Seller will render Seller subject to prosecution under Section ³⁵ of the United States Criminal Code (18 U.S.C. 80).^{1/}

IN WITNESS WHEREOF the parties hereto have executed this agreement in duplicate this 18th day of February, 1943,
at Rome, Ga.

(S) John Doe (SEAL)
(Seller)

COMMODITY CREDIT CORPORATION
acting by and through the
CHIEF, UNITED STATES FOREST SERVICE

By Henry Howard
Area Forester
(Title)

1/ Section 35 reads, in part, as follows:

"* * * whoever shall knowingly and wilfully falsify or conceal * * * a material fact, or make or cause to be made any false or fraudulent statements or representations, or make or use or cause to be made or used any false * * * certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

Exhibit "A"Saw Log Grades for Second Growth Longleaf Pine,
Shortleaf Pine, Slash Pine and Loblolly Pine

Log Grade	<u>Minimum</u> Diameter	Length	Maximum defect permitted in- cluding sweep, rot, shake, etc.	Surface requirements on each of the three visi- ble faces
No. 1	12"-15"	12' +	20%	Clear; no knots or indication of any.
"	16" +	12' +	30%	Two clear faces or 75% of the three faces clear in one piece.
No. 2	10"-14"	12' +	40%	Sound tight knots not more than 1 $\frac{1}{2}$ " in diameter.
"	15" +	12' +	50%	Sound tight knots not more than 2 $\frac{1}{2}$ " in diameter.
No. 3	8" +	12' +	50% #	Any log below No. 2 that is generally utilized.

Log Grade Notes

Log grading rules are for the purpose of classifying logs and timber into quality and value groups. They cannot give precise results for individual logs, but the average quality and value of a number of logs for each log grade should be significantly different among the grades. Because of innumerable variations in the position of knots and other defects, judgment must be used to obtain best results in applying these log grades which are purposely simple for quick and easy application to freshly cut logs. Logs must be reasonably straight, merchantable, and well cut.

Diameter means the average diameter at the small end of the log inside the bark in inches.

Length means the straight-line length in feet. The percent of each length acceptable should be stipulated. Customary lengths range from 10 to 20 feet in 2-foot intervals. Normally for lumber logs, the lengths run by volume about 40 percent, 16' long 20 percent, 14' long and other lengths 40 percent. A trimming allowance of 3" in excess of standard length is required.

Defect means any imperfection which reduces the value and volume of the log. #Logs with greater defect than 50% may be accepted if stipulated.

Face means one-fourth the outside surface or circumference of a log.

Cutting means the full segment or width of each face. Cuttings should be used as a guide and applied with a practical attitude, keeping in mind that they are an indication of the quality of lumber the log will yield.

Quality variations of the same species and log grade between regions and even local areas must be recognized and cannot be wholly evaluated by simple log grades.

Exhibit "B"Price Schedule for Logs

Longleaf Pine:

No. 1	-	\$24.00
No. 2	-	20.00
No. 3	-	14.00

Slash & Loblolly Pine:

No. 1	-	\$20.00
No. 2	-	18.00
No. 3	-	12.00

Exhibit "C"SPECIFICATIONS, CERTIFICATES, AND SCHEDULES FOR AGREEMENTS

SPECIFICATIONS

Forest Practice Standards
and
Schedule of liquidated damages
for violation thereof
(Title)

(This illustrates manner in which schedule of forest practice standards and liquidated damages should be set up in the Exhibit. The contents of this schedule for each transaction will be prepared to meet the needs and conditions of the particular case.)

1. To provide some protection to the Forest, and to obtain efficient and economic operations in the cutting, transportation, and manufacture of the products cut in connection with this agreement. Only -

<u>Longleaf</u>	trees of	<u>#</u>	d.b.h. or over,
(species)			
<u>Slash</u>	trees of	<u>#</u>	d.b.h. or over,
"			
<u>Loblolly</u>	trees of	<u>#</u>	d.b.h. or over,
"			
<u>"</u>	trees of	<u></u>	d.b.h. or over,
"			
<u>"</u>	trees of	<u></u>	d.b.h. or over
"			

will be cut on the area cutover unless the trees are diseased, insect infested, or marked or designated in writing for removal in advance of cutting by a representative of the U. S. Forest Service.

2. (a) To insure adequate seed of desirable species for reforesting the area cutover in connection with this agreement:

<u>#</u>	<u>Longleaf</u>	trees of	<u></u>	d.b.h.
(No.)	(species)			
or over, and	<u>#</u>	<u>Slash or Loblolly</u>	trees of	<u></u> d.b.h.
	(No.)	(species)		

or over, which are now capable of producing seed and which have satisfactory crowns and are expected to stand for at least 10 years, will be left uncut on each 3 acre(s) cutover, or -

(b) To insure adequate seed of desirable species for reforesting the area cutover in connection with this agreement acres of timber will be left uncut for seed-bearing purposes in each unit of acres cutover. Such seed blocks shall be located on ridges or locations where they will have maximum opportunity to seed the cutover area. Trees may be cut from these "seed blocks" only if marked or designated in writing for removal in

Insert local standards.

advance of cutting by a representative of the U. S. Forest Service.
(To permit utilization of species not needed or desired for seed.)

3. To provide for proper utilization of the trees cut in connection with this agreement -

No Longleaf stump shall be cut higher than 12 inches, and
(species)
No Slash stump shall be cut higher than 10 inches, and
"
No Loblolly stump shall be cut higher than 12 inches, above
"
the ground. In addition, utilization in the top log shall be to a -

8" d.i.b. for Longleaf trees, and
(species)
6" d.i.b. for Slash trees, and
"
8" d.i.b. for Loblolly trees, and
"
d.i.b. for trees.
"

4. (a) The Corporation reserves the right to require the cutting and bucking of forest products done in connection with this agreement to be accomplished so as to produce the maximum volume of specified products or grades, or both. Such products or grades will be specified in writing to the contractor or his representative at least ten days in advance of the application of this requirement, provided such requirement may not result in an increased cost of such cutting and bucking in excess of ten percent of the prior cutting and bucking cost. Or -

(b) All cutting or bucking done in connection with this agreement shall be done in a manner so as to yield the maximum volume of
logs of No. 1, 2 & 3 from longleaf and
(products) (quality)
loblolly, trees,
and a maximum volume of logs of No. 1, 2 & 3 from
(products) (quality)
slash, trees.

5. In order to prevent an undue fire hazard resulting from cutting operations in connection with this agreement, the following requirements will be complied with in respect to the disposal of slash on the cutover area: #

~~The following requirements will be complied with in respect to the felling of snags on the cutover area:~~ JD HH

Insert local standards.

The following requirements will be complied with in respect to closing down all or part of the cutting operations during periods of special fire hazard as specified by the U. S. Forest Service representative:

To prevent early recutting of the cutover area. (Add clause if possible.)

Additional requirements as necessary.

Schedule of Liquidated Damages

- \$ # per tree cut of less than the diameter specified, which is not diseased, insect infested or marked or designated in writing for removal by the Forest Service.
- \$ # per seed tree cut which is specified to be left under the provisions of Section 7 .
- \$.25 per stump cut of higher than the maximum height specified in Section 7 .
- \$.25 per tree cut with top left with a larger d.i.b. than specified in Section 7 .
- \$ per snag specified to be cut which is left uncut on the area cutover.

Insert local standards.

Exhibit "D"Stumpage Price Schedule

Longleaf Pine	-	\$14.00
Slash Pine	-	8.00
Loblolly Pine	-	10.00



CONTENTS - SECTION Z

BASIC DOCUMENTS

- Memorandum of Understanding between Chairman WPB and Secretary of Agriculture dated November 20, emphasizing basic facts, defining principles, responsibilities, etc. Joint letter of Secretary and Chairman WPB to President dated November 20, recommending approval of the Program. Z-1
- Proposed letter from the President to the Secretary of Agriculture approving the Program.
- Proposed letter from the President to the Secretary of the Treasury allocating Administrative Funds.
- Proposed Memorandum of Understanding between the Acting Chief, Forest Service and the President of the Commodity Credit Corporation defining the relationship between the two agencies, to be approved by the Secretary.
- Certificate of Incorporation of the Commodity Credit Corporation.
- By-Laws of the Commodity Credit Corporation Secretary's Memorandum No. 835, Supplement 1, dated April 12, 1940, prescribing certain principles and procedures applicable to loan programs of the Commodity Credit Corporation.
- Proposed Memorandum of Understanding between the Acting Chief, Forest Service, and the President of the Commodity Credit Corporation in connection with performance of grading, scaling, tallying, etc., by Forest Service.
- Proposed Memorandum of Acting Chief, Forest Service, to be concurred in by President of Commodity Credit Corporation and Solicitor of the Department and to be approved by the Secretary of Agriculture, looking to waiver of specific Departmental Regulations and Orders relating to procurement activities.

Memorandum from the Assistant Director of Personnel of the Department to the Acting Chief, Forest Service, dated December 7, authorizing the employment of scalers, graders, tallymen, etc., payable from the Trust Fund, under Schedule A, Subdivision 9, Section 1a.

Proposed letter from the office of Budget and Finance of the Department to the General Accounting Office recommending establishment of the Trust Fund account.

Proposed letter from Commodity Credit Corporation to the Forest Service relative to the fiscal responsibilities, financial records and reports, bonding of certain finance and banking employees, designation of voucher approving officers, etc. (This letter will be prepared by the CCC, no draft having reached the Forest Service as yet. It will not be issued until the Program is given formal approval.)

FILING SCHEME FOR FPS

Z-2

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
CHAIRMAN OF THE WAR PRODUCTION BOARD
AND THE SECRETARY OF AGRICULTURE

In view of present and prospective shortages of lumber and other forest products to meet war requirements in the broader sense; including defense, private account and export;

In view of the vital contribution which adequate supplies of these products can make to winning the war;

In view of the important contribution which the Department of Agriculture can make to the solution of this problem of adequate supplies because of its general knowledge of forest conditions and forest industries, technical competence and experience in this field, and of its widely dispersed field organization; and because of Departmental funds available for use in stimulating and maintaining the production of needed forest products, and because of the Department's experience in stimulating and maintaining production in the closely related food and fiber field;

And finally, in view of our mutual desire to use the facilities and resources of both the War Production Board and the Department of Agriculture to the utmost to meet our separate and joint responsibilities in the solution of this problem,

NOW, THEREFORE, in consideration of the premises, it is mutually understood as follows:

I. The Secretary of Agriculture agrees:

1. That he will continue in the Forest Service the surveys already agreed upon, and financed from Departmental and other funds.
 - (a) Of requirements for lumber needed for general or special purposes and for veneer, pulp and paper, and other forest products.
 - (b) Of current production.
 - (c) Of plant facilities used and unused.

- (d) Of the standing timber and other forest supplies available to meet requirements.
 - (e) Of the related factors which together with the preceding are essential to anticipate shortages and plan necessary action to obtain needed production of lumber and other forest products.
 - (f) And of similar and related activities which may be needed in the future, are agreed upon and can be financed from Departmental or other funds.
2. That in order to aid in augmenting and maintaining the production of forest products needed for war purposes and essential civilian requirements, the Commodity Credit Corporation will make available on a revolving basis \$100,000,000 (exclusive of administrative expenses) for the procurement, production, storage, and sale of forest products as outlined in greater detail in the attached Plan. In order to take full advantage of the field organization and technical competence of the Forest Service, it is proposed that the Commodity Credit Corporation administer the program through the Forest Service. A Memorandum of Understanding establishing and defining this relationship will be entered into between the two agencies. Except for the requirements, production, supplies survey which has already been arranged for the responsibility of the Forest Service under the program will be centered in a new Forest Service unit called the "Forest Products Service".
 3. That to the extent practicable he will make available the trained personnel of the Department to carry out the provisions of this agreement.
 4. That he will join with the Chairman of the War Production Board in recommending approval by the President of the procurement-production-storage-sale program covered by this agreement, including the use of capital funds and the allotment of administrative expenses needed for carrying it out.
 5. That the Department through the Forest Service will conduct the activities provided for in this agreement in a manner satisfactory to the WPB through its Lumber Division or other

Division concerned and will keep the Board informed of the progress made in connection with its operation.

6. That the sales of forest products will be made at fair and reasonable rates to Federal Government procurement agencies and otherwise consistent with standards and policies determined by WPB to be best suited to meet war and related needs in the broad sense without requiring competitive bids, and to their contractors with or without competitive bids as the circumstances may seem to justify.
7. That the Department will make every reasonable effort to augment production without the destruction of the forest resource or the impairment of its productivity.
8. That the Department will make such recommendations as are necessary respecting priorities for implementing its procurement, production, storage and sales program.
9. That generally the Department will conduct its activities in such a manner as to assure the most effective prosecution of war procurement and production of forest products; and to do so by supplementing, not by supplanting or competing with satisfactory operations by private industry.

II. The Chairman of the War Production Board agrees:

1. To aid the Department in making it possible to contract with small plants for the production and processing of lumber pursuant to the Act of June 11, 1942 (Public Law 603; 77th Congress), insofar as such aid is consistent with the War Production Board activities and the program of the Smaller War Plants Corporation.
2. That orders placing limitations on the purchase or sale of any forest product will be submitted in advance of issuance to the Secretary of Agriculture for comment and, insofar as is practicable and consistent with the War Production Board program, be drafted in harmony with the efforts of the Department of Agriculture to increase and maintain production of forest products needed for war purposes.
3. That the War Production Board will work in close cooperation with the Department to the end that

- (a) The Department will be kept apprised of information bearing on present and prospective requirements for forest products;
 - (b) Opportunity will be provided to the Secretary of Agriculture to recommend to the War Production Board such directives and priority, allocation, or other orders as he may deem necessary to implement and facilitate the proposed forest products program; provided that the channel for such recommendation shall be to the Director of the Lumber and Lumber Products Division or other Division concerned.
 - (c) It will do all within its power to require the federal procurement agencies, before purchasing forest products or entering into contracts involving their use, to provide the Department in advance with specifications for, and to consult the Department relative to, the forest products in the possession of the Department or in process of being acquired or produced, to the end that such products will find a ready market and be utilized to the fullest extent and best advantage in the prosecution of the war.
4. That he will join the Secretary of Agriculture in recommending the approval of the General Forest Products Program covered by this agreement, and the allocation of such funds as may be needed to meet its necessary administrative expenses.

III. It is mutually agreed:

1. That the General Forest Products Program will be undertaken first East of the Great Plains; and that the Program will be extended West of the Great Plains only by mutual agreement between the Department through the Forest Service and the WPB through its Lumber Division or other Division concerned.

November 20, 1942

/s/ CLAUDE R. WICKARD
Secretary of Agriculture

November 20, 1942

/s/ D. M. NELSON
Chairman, War Production Board

November 20, 1942

The President
The White House

Dear Mr. President:

Wood has become a critical war material. Alarming shortages of lumber and other timber products threaten seriously to impede the war effort. Drastic remedial action is needed to stimulate and maintain an adequate flow of raw materials and to avoid any possible "too little and too late".

The War Production Board and the Department have agreed that by utilizing its administrative and credit facilities the Department could render valuable assistance in meeting war requirements for forest products. It would do this primarily through making loans on, and through the purchase, production, and sale of forest products, paralleling roughly the program of the Department in the food and fiber field. The Department would not supplant or compete with existing satisfactory private operations. It will however attempt to maintain the productivity of the forest. Obviously such a program would be conducted in a manner mutually satisfactory to WPB and the other agencies concerned.

Although it is anticipated that lumber requirements for cantonment construction may slacken after 1942, information now available indicates that the total lumber requirements for 1942 will exceed production by four to six billion board feet and may continue so in 1943. Dwindling reserves of mill lumber stocks are 35 percent below normal - the lowest of record. Shortages are also probable in cooperage, veneer for aircraft construction, etc. In other words the production and supply situation is serious.

Basically the problem is one of stimulating and facilitating production of lumber and lumber products required for direct military purposes.

To meet this situation two major steps are proposed:

- I - Plans. In cooperation with WPB, the Department would continue the survey of available supplies, probable requirements, and plant facilities now under way with Forest Service and OEM funds. This will provide the basic information for:

- II - The Action Program. This would cover the procurement of lumber and other forest products, and such other forms of action, on such a scale as most effectively to stimulate and supplement, not to supplant, or compete with production by private operators.

Much of the available mill capacity is now idle or only partially used, as illustrated by thousands of small mills in the South and elsewhere. Unused mill capacity is due in part to lack of known and reasonably firm markets. Consequently in order to reopen mills that have closed down and to keep others running at full capacity, loans would be made to mill owners against approved security. When necessary to meet requirements lumber and other forest products would be purchased. Sub-marginal production would be financed only when necessary.

Similar loan and purchase procedures would be followed in dealing with both forest and farm woodland owners in order to obtain stumpage and logs when necessary to assure the flow of the raw material to mills.

Other factors which are hindering adequate production include: Lack of stumpage. Labor shortages. Transportation problems. Shortages in special and other equipment and of materials. Lack of knowledge of government procedures. These and other problems are dealt with in some detail in the accompanying "Plan for a General Forest Products Program".

Stocks would be disposed of so as to serve war needs most advantageously and quickly. If the market were overshot, surpluses could be used for civilian and post-war needs.

The Commodity Credit Corporation would make available not to exceed \$100,000,000 as a revolving fund (i.e., the total obligations incurred under this program and for which no reimbursements have been received shall not at any time exceed the cash balance in the fund) for carrying out the proposed purchase and loan program. This is exclusive of administrative expenses mentioned below. Since the Forest Service, through its experienced and decentralized organization, has facilities and personnel equipped to administer the program in the field, it is contemplated that Commodity Credit Corporation will enter into a Memorandum of Understanding with the Forest Service, which shall be approved by the Secretary of Agriculture, under which the latter agency will carry out the program for the Commodity Credit Corporation.

A statement is attached regarding the commitments of the Commodity Credit Corporation.

3-The President

FPS - W.O.

We recommend that you approve the proposed program and enclose a suggested draft of letter to the Secretary of Agriculture indicating such approval.

In view of the limitation upon the amount of Commodity Credit Corporation funds that may be used for administrative expenses and the present extraordinary demand upon such funds, we also recommend that from the appropriation "Emergency Funds for the President" (Public Law 678 - 77th Congress) you allocate such funds as may not be available from other sources to meet necessary, administrative expenses incident to carrying out the program during the fiscal year 1943, and we enclose a suggested draft of letter to the Secretary of the Treasury requesting the transfer of such allocated funds to the Department of Agriculture.

Sincerely,

/s/ CLAUDE R. WICKARD
Secretary of Agriculture

/s/ D. M. NELSON
Chairman, War Production Board

Enclosures (4)

Secretary of Agriculture

Washington, D. C.

My dear Mr. Secretary:

This will constitute my approval of the General Forest Products Program to be undertaken by the Commodity Credit Corporation, acting through the United States Forest Service, under which not to exceed \$100,000,000 of the Corporation's funds will be used as a revolving fund (i.e., the total obligations incurred under this program and for which no reimbursements have been received shall not at any time exceed the cash balance in the fund), as recommended by yourself and the Chairman of the War Production Board in your joint letter of November 20, 1942.

Sincerely

My dear Mr. Secretary:

By virtue of the authority vested in me by the provisions of the appropriation entitled "Emergency Funds for the President" contained in the First Supplemental National Defense Appropriation Act, 1943 (Public Law 678 - 77th Congress) approved July 25, 1942, I hereby allocate from the sum of \$100,000,000 provided by said appropriation as follows:

<u>To</u>	<u>Amount</u>
Department of Agriculture	\$ 4,500,000.00

to be expended by said Department in connection with emergencies affecting the national security and defense for the program authorized by Executive Order _____ of _____, 1942, to facilitate and stimulate the production of lumber and other forest products.

The funds hereby allocated shall be available, without regard to Section 3709, Revised Statutes, for all necessary administrative expenses of the Department of Agriculture in carrying out the above-described Program; including personal services in the District of Columbia and elsewhere; printing and binding; project personnel in the field without regard to Civil Service and classification laws; the purchase of passenger-carrying vehicles; the exchange of motor-propelled vehicles, parts, accessories, etc., in whole or part payment for similar equipment.

Please arrange for the necessary transfer of funds and inform the Secretary of Agriculture when this has been done.

Sincerely yours,

The Honorable,

The Secretary of the Treasury

MEMORANDUM OF UNDERSTANDING

Between the Commodity Credit Corporation and the Forest Service
United States Department of Agriculture
Respecting the General Forest Products Program

WHEREAS, there is a serious shortage in the present and prospective supply of forest products for war and essential civilian purposes;

WHEREAS, the Secretary of Agriculture (hereinafter called the "Secretary") and the Chairman of the War Production Board have agreed that there should be undertaken immediately, and the President has approved, a General Forest Products Program (hereinafter called the "Program"), designed for the purpose of alleviating and averting such shortages and of assuring a supply of forest products sufficient for war and essential civilian purposes:

WHEREAS, the Commodity Credit Corporation (hereinafter called the "Corporation") desires to undertake the Program in order to aid in the effective prosecution of the war; and

WHEREAS, the Forest Service has facilities and qualified personnel available in the field for administering the Program and it is in the best interests of the Corporation and the Government that such facilities and personnel be utilized to the fullest extent in carrying out such program.

NOW, THEREFORE, in consideration of the premises, the Corporation and the Forest Service hereby agree as follows:

1. The Chief or Acting Chief of the Forest Service and such employees of the Forest Service as he may designate in writing shall, on behalf of and in the name of the Corporation, administer all procurement, production, storage, sales, and other operations under the Program and the persons so designated by him may:

(a) Negotiate and enter into contracts and agreements providing for loans and extensions of credit in other forms upon the security of forest products or related real or personal property. The amount of any such loan or other extension of credit shall not exceed ninety (90) per centum of the reasonable value (as determined by the Forest Service) of the forest products or other property securing such loan or other extension of credit and all such loans or other extensions of credit shall bear interest at the rate of three (3) per centum per annum. If

a loan is deemed desirable and the only security available is forest products or other property to be manufactured or acquired with the loan proceeds, it is understood that advances may be made and such collateral security obtained as soon thereafter as practicable. the unsecured amount of any such loan outstanding at any one time shall not exceed \$5,000, nor shall the aggregate amount of such temporarily unsecured loans outstanding at any one time exceed \$2,000,000, without the prior approval of the Corporation.

(b) Negotiate and enter into contracts and agreements providing for the purchase, delivery, production, processing, storing, selling, transporting, marketing, or other handling of forest products of all kinds, including standing timber. Unless prior approval of the Corporation has been obtained (1) forest products shall be acquired only at prices which, on the average, in view of the proceeds reasonably to be expected from the liquidation or other disposition of such products, will not result in a loss to the Corporation, and (2) forest products shall be sold or otherwise disposed of only at prices which will return on the average the total amount expended by the Corporation with respect thereto. For the purposes of determining under clause (1) of the foregoing sentence whether the Corporation will sustain a loss and of determining under clause (2) of the foregoing sentence the total amount expended by the Corporation, an amount equal to three (3) per centum per annum shall be included.

(c) Negotiate for and acquire, hold, lease, and dispose of other personal and real property or any interest therein pursuant to contract, agreement, deed, lease, or other written instrument. Such property shall be acquired only at fair and reasonable market values (as determined by the Forest Service) and only to the extent necessary for the purposes of the Program. Upon the sale or other disposition of any such property, the Forest Service shall make all reasonable efforts to obtain therefor an amount equal to the amount expended by the Corporation with respect thereto, plus an amount equal to three (3) per centum per annum. Utilization or depreciation, if any, may be taken into account in such computation.

(d) Negotiate for and acquire, lease, construct, repair expand, and transport or move plants, equipment, supplies, machinery, and other facilities (including transportation of woods and mill workers).

2. The Forest Service shall formulate and submit to the Corporation for transmission to and approval by the Secretary proposals describing broadly the kind, nature, and estimated financing of projects contemplated. Nothing shall be done under this Program except pursuant to such an approved proposal.

3. All contracts, agreements, documents of title, and other papers relating to operations under the Program shall be executed in the name of the Corporation. The Corporation shall direct the custodianship of all such contracts, agreements, documents, and other papers.

4. All proceeds derived from operations under the Program, including but not limited to proceeds from the sale or other disposition of forest products and including proceeds from the rental, lease, or sale of real estate and personal property, shall be remitted to the Corporation or deposited by the Forest Service to the account of the Corporation in accordance with such directions as may from time to time be given by the Corporation.

5. The total amount of obligations which the Forest Service may incur for the account of the Corporation hereunder shall not exceed \$100,000,000 outstanding at any one time and the aggregate net disbursements of the Corporation (i.e., total disbursements less total proceeds remitted or deposited as provided in paragraph 4 hereof) shall not at any one time exceed \$100,000,000. No part of such sum shall be expended for administrative expenses; and the cost of training personnel and other activities of this character shall be chargeable to administrative expenses unless borne directly by proceeds of loans or other forms of credit against security as provided in paragraph 1 hereof. Disbursements in payment of obligations incurred by the Forest Service hereunder shall be made by the Corporation, through such fiscal agent as the Corporation may designate, upon certification by the Forest Service as to the justness and accuracy of such obligations and upon the presentation of such supporting documents as the Corporation may prescribe.

6. The Forest Service shall keep the Corporation fully informed at all times of its activities hereunder; shall, upon request, furnish to the Corporation copies of any contracts, agreements, and other written undertakings and commitments entered into on its behalf; shall maintain currently detailed records of all transactions, including receipts and expenditures, hereunder; and shall furnish such statements and reports as the Corporation may from time to time request.

7. It is agreed that the commitments for loans, purchases, and other transactions shall be held by the Forest Service to as short a period as the practicable and efficient accomplishment of the Program will permit. The Forest Service will prepare a report on this project as of March 31, 1943, to be submitted to Corporation within 30 days thereafter.

Upon receipt of this report, officials of the Corporation will confer with officials of the Forest Service with respect to the continuance of such operations after that date.

FOREST SERVICE

By _____
Chief

Approved:

COMMODITY CREDIT CORPORATION

Secretary of Agriculture

By _____
President

Date

CERTIFICATE OF INCORPORATION
OF
COMMODITY CREDIT CORPORATION
AS AMENDED APRIL 28, 1936

FIRST. The name of this Corporation is Commodity Credit Corporation.

SECOND. The principal office of this Corporation in the State of Delaware is to be located at No. 100 West Tenth Street in the City of Wilmington, County of New Castle, and until otherwise designated by the Board of Directors its resident agent shall be The Corporation Trust Company, No. 100 West Tenth Street, Wilmington, Delaware.

THIRD. The objects and purposes for which and for any of which this Corporation is formed are, to do any or all of the things herein set forth to the same extent as natural persons might or could do, viz:

(a) To do any and all things which may be necessary to accomplish the purposes of the following Acts of Congress of the United States of America, and any amendment or amendments heretofore or hereafter made therein:

1. The Agricultural Adjustment Act, .
approved May 12, 1933.
2. The National Industrial Recovery
Act, approved June 16, 1933.
3. The Federal Emergency Relief Act
of 1933, approved May 12, 1933.
4. Reconstruction Finance Corporation
Act, approved January 22, 1932.
5. The Federal Farm Loan Act, ap-
proved July 17, 1916.

6. The Farm Credit Act of 1933,
approved June 16, 1933.
7. The Emergency Relief and Construction Act of 1932, approved July 21, 1932.

(b) To purchase, or otherwise acquire, to hold, or otherwise to deal in, to sell or otherwise dispose of any and all agricultural and/or other commodities, and/or products thereof and to loan and/or borrow money upon the same.

(c) To enter into and to encourage farmers, producers and others to enter into marketing plans and agreements and to cooperate in any plan which provides for reduction in the acreage or reduction in the production for market of agricultural commodities.

(d) To engage in any activity in connection with or involving the production, carrying, shipping, storing, exporting, warehousing, handling, preparing, manufacturing, processing and marketing of agricultural and/or other commodities and/or products thereof.

To borrow money and to draw, make, accept, endorse, warrant, guarantee, transfer, assign, execute, and issue bonds, debentures, mortgages, promissory notes, bills of exchange, warrants and all kinds of obligations and non-negotiable, negotiable or transferable instruments without limit as to amount, and for the security of any of its obligations to convey, transfer, assign, deliver, mortgage, and/or pledge all or any part of its property or assets upon such terms and conditions as the Board of Directors shall authorize:

(e) Without limiting the generality of the foregoing, to borrow money for the purpose of (1) purchasing, storing, handling, and/or processing agricultural and/or other commodities and/or products thereof or any surplus of the same and (2) disposing of or removing the same through orderly marketing in the United States and/or elsewhere.

(f) To loan money, to buy, discount, sell rediscount or otherwise deal in notes, warehouse receipts, pledges, bills of lading, freight receipts, trust receipts, open accounts, mortgages and other similar evidences of debt, or to loan money and to take notes, warehouse receipts, pledges, bills of lading, freight receipts, trust receipts open accounts, mortgages and other evidences of debt as collateral security therefor.

(g) To take and hold for any of its purposes, by bequest, device, gift, purchase, lease or otherwise, either absolutely or in trust, any property, real or personal, in the District of Columbia, any of the States, territories, or Colonies of the United States and in foreign countries, without limitation as to amount or value; to own, operate, manage, lease, mortgage, pledge, sell, assign and transfer or otherwise dispose of and exercise all privileges of ownership over such property and to invest and reinvest any principal, and deal with and expend its income and principal within or without the State of Delaware in such manner as in the judgment of its directors will best promote its objects and purposes.

(h) To guarantee, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock of, or any bonds, securities or evidences of indebtedness created by any other corporation or corporations organized under the laws of this state or any other state, country, nation or government, and while the owner thereof to exercise all the rights, powers and privileges of ownership, including the right to vote thereon.

(i) To enter into, make, perform and carry out contracts of every kind and description for any lawful purpose without limit as to amount, with any person, firm association, corporation, municipality, county, state, body politic, territory or government or colony or dependency thereof.

(j) To sell, deal in, store, handle, process, transport, deliver and/or accept delivery of agricultural and/or other commodities and/or products thereof and/or to make contracts for the purchase or sale of the same, by itself or through subsidiaries or other agencies or to act as agent, broker, shipper, consignee, consignor, trustee or factor with respect thereto and as such agent, broker, shipper, consignee, consignor, trustee, or factor, to buy, sell, deal in, hypothecate, pledge, mortgage, store, handle, process, transport, manufacture, deliver or accept delivery of the aforesaid commodities and/or products thereof and/or to make contracts for the purchase or sale of the same on behalf of the owner thereof and to fix and collect and deduct all charges for such services.

(k) To acquire by purchase, lease or construction, or in any other manner, storage, and other physical facilities for the handling, carrying, processing, manufacturing, storing, preparing for market and marketing agricultural and/or other commodities, and/or products thereof.

(1) To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount, if any of the States, Districts, Territories or Colonies of the United States, and in any and all foreign countries.

(m) In general, to have and to exercise all the powers and privileges conferred by the General Corporation laws of Delaware upon corporations, and to do all and everything necessary, suitable and proper for the accomplishment of any of the purposes or for the attainment of any of the objects or for the furtherance of any of the powers herein set forth, either alone or in association with other corporations, firms, agencies or individuals, and to do every other act or thing lawfully incident or appurtenant to or growing out of or connected with any of the aforesaid objects, purposes and/or powers.

The objects and purposes specified in the foregoing clauses shall, except as otherwise expressed, be in no wise limited or restricted by reference to or inference from the terms of any other clause in this Certificate of Incorporation, but the objects and purposes specified in each of the foregoing clauses shall be regarded as independent objects and purposes.

The foregoing clauses shall be construed both as purposes and powers but no recitation, expression or declaration of specific or specified powers or purposes herein enumerated shall be deemed to be exclusive, and it is hereby expressly declared that this Corporation shall have and exercise all powers conferred on it by law.

FOURTH. The total number of shares which this Corporation shall have authority to issue is One Hundred (100), without par value, of which Three (3) shares shall be designated as First Series Shares and shall be issued in lieu of the Thirty Thousand (30,000) shares heretofore issued and outstanding on April 28, 1936, and Ninety-seven (97) shares designated as Second Series Shares. Each share, of whatever series, shall be equal in all respects with every other share, whether of the same or a different series, except that in the event of liquidation or dissolution of the Corporation, whether voluntary or otherwise, the holders of Second Series Shares shall be entitled to receive the full amount paid to the Corporation for such Second Series Shares before any distribution is made to the holders of First Series Shares, who, thereafter, shall receive the full amount paid for the stock in lieu of which such First Series Shares are issued. Any assets remaining after all holders of the First Series Shares and Second Series Shares have received the sum hereinbefore provided shall be distributed to the holders of shares of each series, share and share alike.

FIFTH. The minimum amount of capital with which the Corporation will commence business is One Thousand Dollars (\$1,000).

SIXTH. The names and places of residence of each of the original incorporators are as follows:

<u>NAME</u>	<u>RESIDENCE</u>
Henry A. Wallace	Washington, D. C.
Henry Morgenthau, Jr.	Washington, D. C.
Oscar Johnston	Washington, D. C.

SEVENTH. This Corporation is to have perpetual existence.

EIGHTH. The private property of the stockholders shall not be subject to the payment of corporate duties to any extent whatever.

NINTH. The business of this Corporation shall be managed by its board of directors except as in this certificate of incorporation or in the by-laws otherwise provided. The number of directors of the corporation shall be as specified in the by-laws and such number may from time to time be increased or decreased in such manner as may be prescribed in the by-laws, provided the number of directors of the Corporation shall not be less than three. Directors need not be officers or stockholders of this corporation. The election of directors need not be by ballot unless the by-laws so provide. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make and alter the by-laws of the Corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

To set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose or to abolish any such reserve in the manner in which it was created.

By resolution or resolutions, passed by a majority of the whole board to designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in said resolution or resolutions or in the by-laws of the Corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the

Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the by-laws of the Corporation or as may be determined from time to time by resolution adopted by the board of directors.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for the purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, the board of directors shall have power and authority to sell, lease or exchange all of the property and assets of the Corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, as its board of directors shall deem expedient and for the best interest of the Corporation.

The Corporation may in its by-laws confer powers upon its board of directors in addition to the foregoing, and in addition to the powers and authorities expressly conferred upon it by statute.

TENTH. Stockholders shall not have the preemptive right to subscribe to any new or additional issue of stock of this corporation or any part thereof.

ELEVENTH. Both stockholders and directors shall have power, if the by-laws so provide, to hold their meetings, and to have one or more offices within or without the State of Delaware, and to keep the books of this Corporation (subject to the provisions of the statutes), outside of the State of Delaware at such places as may be from time to time designated by the Board of Directors.

TWELFTH. The Corporation reserves the right to amend, alter change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

BY-LAWS
OF
COMMODITY CREDIT CORPORATION
(INCLUDING AMENDMENTS ADOPTED AUGUST 15, 1939)

OFFICES

1. The principal office of the Corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle, and the name of the resident agent in charge thereof is The Corporation Trust Company.

2. The Corporation may also have an office in the City of Washington, District of Columbia, and also offices at such other places as the Stockholders may from time to time appoint.

SEAL

3. The Corporate Seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words, "Corporate Seal, Delaware". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

STOCKHOLDERS' MEETINGS

4. All meetings of the Stockholders for the election of Directors and Officers shall be held in the City of Washington, District of Columbia. Special meetings of Stockholders for any other purpose may be held at such place and time as shall be stated in the notice of the meeting.

5. An annual meeting of Stockholders, after the year 1933, shall be held on the 10th day of May, in each year, if not a legal holiday, and if a legal holiday then on the next secular day following, at 10 o'clock A. M. At such annual meeting the Stockholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

6. The holders of a majority of the stock issued and outstanding, and entitled to vote thereat, present in person, or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the Stockholders for the transaction of business except as otherwise provided by statute, by the certificate of incorporation or by these by-laws.

If, however, such quorum shall not be present or represented at any meeting of the Stockholders, the Stockholders entitled to vote thereat, present in person, or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

7. At any meeting of the Stockholders every Stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such Stockholder. Proxies shall be delivered to the Secretary of the Corporation before such meeting. Each Stockholder shall have one vote for each share of stock having voting power, registered in his name on the books of the Corporation.

8. Written notice of the annual meeting shall be mailed to each Stockholder entitled to vote thereat at such address as appears on the stock ledger of the Corporation, at least ten days prior to the meeting. Failure to give notice of any annual meeting or any irregularity of such notice or manner of giving the same shall not affect the validity of the meeting or of any proceeding in such meeting.

9. Special meetings of the Stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of Stockholders owning one-half in amount of the entire capital stock of the Corporation issued and outstanding, and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

10. Business transacted at all special meetings shall be confined to the objects stated in the call.

11. Written notice of a special meeting of Stockholders, stating the time and place and object thereof, shall be mailed, postage prepaid, or delivered in person, at least two days before such meeting, to each Stockholder entitled to vote thereat at such address as appears on the books of the Corporation.

DIRECTORS

12. (a) The number of Directors which shall constitute the Board shall be not less than three nor more than seven. Directors need not be Stockholders. They shall be elected at the annual meeting of the Stockholders, and each Director shall be elected to serve until the next annual meeting or until his successor shall be elected and shall qualify.

Any Director may resign his office at any time by mailing or delivering his resignation in writing to the Corporation and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make it effective.

The Secretary of Agriculture is authorized to designate a Director to serve as Chairman of the Board of Directors.

(b) In addition to the Board of Directors provided for in subsection (a) of this paragraph, one Advisory Director may, with the approval of the Secretary of Agriculture, be designated by each of the following: the Secretary of the Treasury, the Federal Loan Administrator, and the Governor of the Farm Credit Administration. The Advisory Directors designated pursuant to the provisions of this subsection may participate in all meetings of the Board of Directors but shall not be entitled to vote upon any matter decided by the Board of Directors.

13. The Directors may hold their meetings and keep the books of the Corporation, except as otherwise provided by the laws of Delaware, outside of Delaware, at the office of the Corporation in the City of Washington, District of Columbia, or at such other places as they may from time to time determine.

14. If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, the Stockholders shall choose a successor or successors, who shall hold office for the unexpired term in respect of which such vacancy occurred or until the next election of Directors. Any Director may be removed with or without cause at any time by the affirmative vote of a majority of the Stockholders.

MANAGEMENT

15. The property and business of the Corporation shall be managed by the Secretary of Agriculture, who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or the certificate of incorporation directed or required to be exercised or done by the Stockholders or the Board of Directors. The Secretary of Agriculture shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

COMMITTEES OF DIRECTORS

16. The Board of Directors may, by resolution or resolutions, designate one or more committees, each to consist of two or more of the Directors of the Corporation, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation and may have power to authorize the Seal of the Corporation to be affixed to all papers which may require it. If any member or members of any such committee shall, at any time, be unable to attend a meeting of the committee any other member or members of the Board of Directors may serve at such meeting as a member or members of the committee upon the request of the remaining member or members. A quorum shall consist of a majority of the whole committee. In the absence of all members of a committee the remaining members of the Board who are present shall constitute the committee, and in that event a quorum shall consist of a majority of the whole committee.

All committees appointed by the Board of Directors shall keep minutes of their proceedings and shall report all transactions at each regular or special meeting of the Board.

COMPENSATION OF DIRECTORS

17. Directors, as such, shall not receive any salary for their services; PROVIDED, that nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor; PROVIDED further that Directors who receive no other compensation from the Federal Government or any Federal agency or instrumentality may receive actual expenses incurred in attending any regular or special meeting of the Board.

MEETINGS OF THE BOARD

18. The first meeting of each newly elected Board shall be held at such time and place either within or without the State of Delaware as shall be fixed by the vote of the Stockholders at the annual meeting, and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting; PROVIDED, a majority of the whole Board shall be present; or they may meet at such place and time as shall be fixed by the consent in writing of a majority of the Directors.

19. Regular meetings of the Board may be held without notice at such time and place either within or without the State of Delaware as shall from time to time be determined by the Board.

20. Special meetings of the Board may be called by the President on two days' notice to each Director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of the Secretary of Agriculture or a majority of the Directors.

Unless otherwise indicated in the notice thereof any and all business may be transacted at a special meeting.

At any meeting at which every Director shall be present, even though without notice, any business may be transacted. No notice of any adjourned meeting need be given.

21. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation or by these by-laws.

OFFICERS

22. The President, Secretary, and Treasurer of the Corporation shall be chosen at each annual meeting by the Stockholders. The Secretary and Treasurer may be the same person. Officers other than the President need not be members of the Board of Directors.

23. The Secretary of Agriculture may appoint such Vice Presidents, Assistant Secretaries, Assistant Treasurers, and other officers and such agents and employees of the Corporation as he shall deem necessary or desirable, and such officers, agents, and employees shall exercise such powers and perform such duties as shall be prescribed from time to time by the Secretary of Agriculture. The Secretary or the Treasurer of the Corporation may be appointed by the Secretary of Agriculture to serve as a Vice President of the Corporation.

24. The salaries of all officers, agents, and employees of the Corporation shall be fixed by the Secretary of Agriculture.

25. (a) The officers of the Corporation shall hold office until their successors are chosen and qualified.

(b) Any officer elected by the Stockholders may be removed with or without cause at any time by the affirmative vote of a majority of the Stockholders. If the office of any officer elected by the Stockholders becomes vacant for any reason, the vacancy shall be filled by the Stockholders.

(c) Any officer appointed by the Secretary of Agriculture may be removed with or without cause at any time by the Secretary of Agriculture. If the office of any officer appointed by the Secretary of Agriculture becomes vacant for any reason, the vacancy shall be filled by the Secretary of Agriculture.

THE PRESIDENT

26. The President shall perform such duties as may be prescribed by the Secretary of Agriculture. He shall be ex officio a member of all standing committees.

27. A Vice President, designated by the Secretary of Agriculture for the purpose, may, in the absence or disability of the President, perform the duties and exercise the powers of the President.

THE SECRETARY

28. The Secretary shall attend all sessions of the Board and all meetings of the Stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Secretary of Agriculture. He shall keep in safe custody the seal of the Corporation, and when authorized by the Board or the Secretary of Agriculture affix the same to any instrument requiring it, and when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

29. An Assistant Secretary, designated by the Secretary of Agriculture for the purpose, may, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary.

THE TREASURER

30. (a) The Treasurer shall perform such duties as may be prescribed by the Secretary of Agriculture.

(b) An Assistant Treasurer, designated by the Secretary of Agriculture for the purpose, may, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer.

31. If required by the Board of Directors or the Secretary of Agriculture, the Treasurer shall give the Corporation a bond in such sum, and with such surety or sureties as shall be satisfactory to the Board or the Secretary of Agriculture, for the faithful performance of the duties of his office; and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

CERTIFICATE OF STOCK

32. The certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary.

CHECKS

33. All checks or drafts against the funds of the Corporation and all notes or other obligations for the payment of money or other thing of value shall be signed by such officer or officers or such person or persons as the Secretary of Agriculture may designate.

34. The Corporation will make loans or purchase paper only when secured by such commodity as may be from time to time approved by the President of the United States.

FISCAL YEAR

35. The fiscal year shall begin on the first day of July in each year.

DIVIDENDS

36. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law, with the approval of the Secretary of Agriculture. Dividends may be paid in cash, in property, or in shares of the capital stock.

37. Before payment of any dividend there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may abolish any such reserve in the manner in which it was created.

DIRECTORS' ANNUAL STATEMENT

38. The Board of Directors shall present at each annual meeting, and, when requested by the Stockholders, at any special meeting of the Stockholders, a full and clear statement of the business and condition of the Corporation.

NOTICES

39. Whenever, under the provisions of these by-laws, notice is required to be given to any Stockholder, Director, or officer of the Corporation, it shall not be construed to mean personal notice, but such notice shall be given in writing, by depositing the same, addressed to such Stockholder, Director, or officer, in the intra-departmental mail channels of the Department of Agriculture or by depositing the same in the post office or letter box in a postpaid, sealed wrapper, addressed to such Stockholder, Director, or officer, at such address as appears on the books of the Corporation, or, in default of other address, to such Stockholder, Director, or officer at the general post office in the City of Wilmington, Delaware, and such notice shall be deemed to be given at the time when the same shall be thus dispatched.

40. Any notice required to be given under these by-laws may be waived in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein.

AMENDMENTS

41. These by-laws may be altered or amended or repealed by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote thereat, at any regular meeting of the Stockholders or at any special meeting of the Stockholders if notice of the proposed alteration or amendment or repeal be contained in the notice of such special meeting, or by the affirmative vote of a majority of the Board of Directors at any regular meeting of the Board or at any special meeting of the Board if notice of the proposed alteration, amendment or repeal be contained in the notice of such special meeting; provided, however, that no change of the time or place for the election of Directors shall be made within sixty days next before the day on which such election is to be held, and that in case of any change of such time or place, notice thereof shall be given to each Stockholder in person or by letter mailed to his last known post office address at least twenty days before the election is held.

ORGANIZATION OF FOREST PRODUCTS SERVICE

Key Letter "FPS"

PRIMARY
(Mandatory)SECONDARY
(add to Primary)DETAIL
(Suggestive)

ACCOUNTING - Material in connection with accounting of Administrative, Capital, and Special Fee Account funds, including Trial Balances, Profit and Loss Statements, Balance Sheets, and general fund accounting matters; property accounting, cost accounting, etc. Does not include collections for which specific provision has been made in the filing scheme.

FPS
ACCOUNTING

Allotment - Allotment Letter Form FPS-23, and material pertaining to allotments after budgetary approval. Material pertaining to allotment request and administrative determination to be handled under FPS, FINANCE

Allotment

As needed

Bills of Lading, Identification Cards, Transportation Requests, etc. - Issue and accounting for special forms requiring extraordinary protection. A "Procurement" matter in nature but handled as giving the accountability angle priority consideration.

Bills of Lading

As needed

Drivers Permits

Drivers Permits

As needed

Identification Cards

Identification Cards

As needed

Tax Certificates

Tax Certificates

As needed

Transportation Requests

Transportation Requests

As needed

Costs - Material pertaining to detailed costs relating to logging, processing, storing, marketing, etc.

Costs

As needed

ORGANIZATION OF FOREST PRODUCTS SERVICE
Key Letter "FPS"

PRIMARY
(Mandatory)

SECONDARY
(add to Primary)

DETAIL
(Suggestive)

ACCOUNTING - (Cont'd)

FPS
ACCOUNTING

Financial Statements - Material in connection with reports and statements required by the Commodity Credit Corporation; report of contract obligations; trial balance; profit and loss statement; balance sheet; etc.; and material relating thereto.

Financial
Statement

As needed

Fund

Administrative,
Capital, Special
Fee, etc., as
needed

Leave - Record and report of current and cumulative leave by individuals, etc., and correspondence pertaining thereto.

Annual

None

Military

None

Sick

None

Without Pay

None

Property - Property accountability records by classes and individual accounts, inventories and surveys, classification, etc. (Material pertaining to procurement, management and distribution of property is filed under FPS, SUPPLY designation.)

Property

Classification,
Returns, etc.,
as needed

Schedules

As needed

Vouchers

Supply, Pay Roll,
Travel, etc.,
as needed

General

None

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<p><u>AUTHORIZATION</u> - Material pertaining to authorizations for general program and policy; regional, area, and district authorizations relative to volumes to be obtained, marketing of forest products, approval of contracts, etc. (Material relating to establishment of production quotas to be filed under PRODUCTION - Quotas)</p>	FPS AUTHORIZATION	Loans	As needed
		Purchase	As needed
		Sale	As needed
		General	None
<p><u>CLAIMS</u> - Material pertaining to claims of all classes arising from FPS activities. (Include name of claimant in designation; file correspondence and reports alphabetically by claimants.)</p>	FPS CLAIMS	Name of Claimant alphabetically	
<p><u>Compensation for Injury</u> - Reports and correspondence on claims for compensation for injury of employees paid from Administrative and Special Fee Account funds.</p>		Compensation for Injury	As needed
<p><u>Contractual</u> - Material pertaining to claims resulting from activities conducted pursuant to production, processing, sale, etc., contracts</p>		Contractual	As needed
<p><u>Negligence</u> - Material pertaining to claims under the Act of 12-28-22</p>		Negligence	As needed
		General	None

ORGANIZATION OF FOREST PRODUCTS SERVICE
Key Letter "FPS"

	PRIMARY (Mandatory)	SECONDARY (add to Primary)		DETAIL (Suggestive)
COLLECTIONS - Material pertaining to the collection of amounts due the Government or Corporation from all sources, and correspondence with Federal Reserve Banks relating to transactions such as payments, deposits, balances, schedules, etc.; material relating to bonding collection officers, etc.	FPS COLLECTIONS	Administrative Fund	As needed	
		Capital Fund	As needed	
		Special Fee Account	As needed	
		Liquidated Damages	Name of contractor, etc., as needed	
		Miscellaneous Receipts	Sale of Property, etc., as needed	
		Collection Officers	Name of officer, etc., as needed	
		General	None	
		Files	Filing Scheme, Archives, Disposition, etc., as needed	
		Mail	Box Rent, Regulations, Schedules, etc., as needed	
		Telegraph	As needed	
COMMUNICATIONS - Material pertaining to service of communication only, use of files, correspondence, use of mail, franking privilege, etc.	FPS COMMUNICATIONS	Telephone	Form 40, etc., as needed	
		General	None	

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>CONTRACTS</u> - Material pertaining to loan agreements; sale, purchase, etc., contracts; notes, mortgages, performance bonds; etc. (Legal documents to be safeguarded against fire, theft, or other loss.)	FPS CONTRACTS	Name of contractor alphabetically General	As needed None
<u>DISBURSEMENT</u> - Material pertaining to disbursement of Administrative, Capital, and Special Fee Account funds	FPS DISBURSEMENT		
<u>Authorization</u> - Material relating to issuance of travel, transfer of station, signing of obligation instruments, etc.		Authorization	Travel, Transfer of Station, etc., as needed
<u>Contracts</u> - Copies of procurement contracts, accepted bids, leases, rental agreement, etc., involving Administrative and Special Fee Account fund (to be filed separately, alphabetically, or numerically)		Contracts	as needed
<u>Funds</u> - Material concerning legal uses of funds, and interpretation of laws and regulations especially as to legal availability for specific purposes		Funds	Administrative, Capital, Special Fee Account, as needed
<u>General Accounting Office</u> - Material pertaining to General Accounting Office exceptions, disallowances, settlements, etc.		General Accounting Office Checks	As needed Lost, Canceled (Name of payee), as needed

ORGANIZATION OF FOREST PRODUCTS SERVICE
Key Letter "FPS"

PRIMARY
(Mandatory)

SECONDARY
(add to Primary)

DETAIL
(Suggestive)

FINANCE - Material pertaining to budgetary determinations, apportionment of funds, request for allotments, etc.

Allotments As needed
Authorization As needed

FOREST PRACTICE - Material pertaining to development and application of forest conservation requirements, education of contractors, inter-regional coordination of conservation practices, etc.

General None
Policy As needed
Practice Regeneration, Controlled cutting, utilization, etc., as needed

IMPROVEMENTS - After purchase by the FPS material pertaining to maintenance, operation, repair, disposition, etc., of mills, storage yards, concentration yards, etc.

General None
Name and Class of Improvement As needed
alphabetically

INFORMATION - Material relating to all phases of Information and Education (Public Relations) work in the dissemination of information regarding the FPS policy, general program, etc.

General None
Addresses As needed
Education As needed
Photographs As needed
Press Releases As needed
Special Articles As needed
General None

ORGANIZATION OF FOREST PRODUCTS SERVICE Key letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>INSPECTION</u> - Material pertaining to inspection of all phases of FPS work	FPS INSPECTION		
Banking and Finance - Material pertaining to audit and inspection of all phases of the Banking and Finance activities, office procedures, all records and reports, etc.		Banking and Finance	Name of Unit inspected (alphabetically)
<u>Field</u> - Material pertaining to inspection of FPS field activities (as distinguished from office work), inspection of specific projects, etc.		Field	Name of Unit or Project, etc., as needed
		General	None
<u>LEASES</u> - Material pertaining to negotiation of leases covering mill sites, log landings, etc. (Executed leases to be filed under CONTRACTS.)	FPS LEASES	Name of Lessor alphabetically	As needed
		General	None
<u>LEGISLATION</u> - Material pertaining to legislation affecting FPS and copies of bills and reports thereon. Copies of Federal Register and excerpts therefrom.	FPS LEGISLATION	Federal Register	None
		General	None

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	THIRD (Suggestive)
<u>MARKETING</u> - Material pertaining to sale of forest products acquired by FPS	FPS MARKETING		
<u>Appraisal</u> - Material pertaining to appraisal of forest products pre- paratory to release for sale		Appraisal	Storage site, etc., as needed
<u>Policy</u> - Material pertaining to formulation and application of policy governing marketing of FPS forest products; policy statement; etc.		Policy	As needed
<u>Prices</u> - Material pertaining to price ceilings (OPA regulations), floor prices, determination of selling prices, price schedules, etc.		Prices	As needed
<u>Plan</u> - Material pertaining to development and maintenance of marketing plan for each area.		Plan	As needed
<u>Sale</u> - Material pertaining to negotiation of sale of forest products (bids, sale by direct negotiation, preparation of sale agreements, etc.); delivery; assignment of preference ratings, etc.		Sale	Name of contractor, Government agency, as needed
		General	None

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	<u>PRIMARY</u> (Mandatory)	<u>SECONDARY</u> (add to Primary)	<u>DETAIL</u> (Suggestive)
<u>MEASURING</u> - Material pertaining to determination and application of grading and scaling rules and specifications, grade recovery tables, weighing, etc., of forest products	FPS MEASURING	Coopersage Fuelwood (Grade Recovery Log Lumber Pulpwood Veneer General Area	As needed As needed As needed By species, etc., as needed By species, etc., as needed As needed By species, etc., as needed None Name or number of Area, etc., as needed
<u>ORGANIZATION</u> - Material pertaining to the working setup, changes in organization, physical layout, organization charts, office space, etc.	FPS ORGANIZATION	District Region	Name or number of District, etc., as needed Name or number of Region, etc., as needed

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>ORGANIZATION</u> (Cont'd)	FPS ORGANIZATION	W.O. General	As needed None
<u>PERSONNEL</u> - Material pertaining to FPS personnel activity	FPS PERSONNEL		
<u>Applications</u> - Material relating to applications for positions		Applications	Name of applicant alphabetically
<u>Appointments</u> - Material pertaining to appointment instructions and ap- pointment work. (When appointment action in individual cases is com- pleted, material in that case should be filed in the individual's per- sonnel folder. All subsequent mate- rial to omit "Appointment") Material relating to probationary period and reports.		Appointment	Name of applicant alphabetically
<u>Civil Service</u> - Material pertaining to Civil Service matters, including examinations, eligible lists, an- nouncements, general instructions regarding political activities, falsi- fication of arrest records, employment of aliens under provisions of Hatch Act, etc.		Civil Service	Announcements, Certificates, Eligible Lists, Examinations, Arrest Records, Political Ac- tivity, Employ- ment of Aliens, etc., as needed

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>PERSONNEL - (Cont'd)</u>	FPS PERSONNEL		
<u>Classification</u> - Correspondence, classification sheets, data and related material. Establishment and application of wage rates.		Classification	Emergency positions, Job Descriptions, Wage Rates, etc., as needed
<u>Employment</u> - Employment not under formal Civil Service rules, quotas, distribution, projects, etc.		Employment	Emergency, Temporary, etc., as needed
<u>Placement</u> - Correspondence concerning placement of FPS employees; changes of assignment of personnel; rosters of candidates for vacancies.		Placement	Lines of Retreat, Rosters, etc.; as needed
<u>Procedure</u> - Material relating to general procedure of personnel management.		Procedure	As needed
<u>Promotions</u> - Material of general nature regarding promotions policy.		Promotions	As needed
<u>Recruitment</u> - Material pertaining to recruitment of prospective employees.		Recruitment	Candidates, Rosters, etc., as needed
<u>Reduction in Force</u> - Material of general nature concerning reduction in force, separation registers, etc.		Reduction in Force	Separation Register, etc., as needed

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>PERSONNEL</u> - (Cont'd)	FPS PERSONNEL		
<u>Safety</u> - Material pertaining to safety measures in all phases, including setting up of Safety Regulations and policies and insuring adherence to them, violations of such regulations, and application of the regulations to FPS personnel.	Safety		
			Appliances, Policy Programs, etc., as needed
<u>Statistics</u> - To be filed under <u>STATISTICS</u>			
<u>Training</u> - All phases of training work in the dissemination of forestry knowledge, development of skills in forest, mill, and allied jobs, truck driving, etc.; work simplification; training plans, etc.	Training		
			Courses and Projects, Methods, etc., as needed
<u>Welfare</u> - Material pertaining to the welfare of personnel, with relationship to other than official duties.	Welfare		
			Automobile Insurance, Credit Union, Life and Health Insurance, etc., as needed
	(Individual case folders, alphabetically)		
General			None

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<p><u>PRODUCTION</u> - Material pertaining to stimulation of production, procurement sources of forest products, discovery and elimination of "production bottlenecks"; correspondence relating to quotas, stocking, etc.</p>	FPS PRODUCTION	Avenues	As needed
<p>Avenues - Material pertaining to "avenues" through which production of forest products may be stimulated</p>			
<p>"Bottlenecks" - Material relating to bottlenecks to production and elimination thereof.</p>		"Bottlenecks"	As needed
<p><u>Quotas</u> - Material relating to establishment of production quotas, etc. (Quota accomplishment record and report to be filed under STATISTICS.)</p>		Quotas	As needed
<p><u>Stock</u> - Material relating to establishment of stock piles of forest products, determination of stock pile site locations, specifications for piling forest products, etc. (Storage site records and reports to be filed under STATISTICS.)</p>		Stock	Site name or number, etc., as needed
	General		None

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>PROGRAM</u> - Material pertaining to general overall program of the FPS.	FPS PROGRAM		
<u>Cooperation</u> - Material pertaining to general cooperative relations with WPB, OPA, Army, Navy, etc.		Cooperation	As needed
<u>Plans</u> - Material pertaining to the overall plans concerning the stimulation of production, the general FPS program, etc.		Plans	Production, marketing, etc., as needed
<u>Requirements</u> - Material pertaining to survey of production, marketing, etc., requirements.		Requirements	As needed
<u>PURCHASE</u> - Material pertaining to purchase of forest products by the FPS for stock or direct delivery; purchase of plants; storage yards; etc.	FPS PURCHASE	General	None
<u>Appraisals</u> - Material pertaining to appraisal of forest products, plants, etc., to be purchased by the FPS, etc.		Appraisals	Alphabetically by contractor, etc., as needed
<u>Prices</u> - Material pertaining to determination and application of "fair prices," price schedules, etc., of forest products.		Prices	Number and class of schedules, etc., as needed

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>PURCHASE</u> -- (Cont'd)	FPS PURCHASE		
<u>Specifications</u> - Material pertaining to development, change and establishment of sawing and other processing specifications covering forest products to be purchased by FPS.		Specifications	By products, etc., as needed
<u>Products</u> - Material pertaining to negotiation for purchase of forest products by FPS, assigned of preference ratings, etc. (Executed legal documents to be filed under CONTRACTS.)		Products	Name of contractor, as needed
<u>Property</u> - Material pertaining to procurement of mills or other processing plants or facilities. (Procurement of equipment, supplies and materials filed under SUPPLY.)		Property	Name of contractor, as needed
		General	None
		Federal	Name and location of building, etc., as needed
		Commercial	Name and location of owner; name and location of building; etc., as needed
<u>QUARTERS</u> - Material pertaining to rental, lease, or occupancy by units of FPS organization or individual employees. (Leases to be filed under DISBURSEMENT, Contracts.)	FPS QUARTERS		

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	<u>PRI MARY</u> (Mandatory)	<u>SECONDARY</u> (add to Primary)	<u>DETAIL</u> (Suggestive)
<u>QUARTERS</u> - (Cont'd)	FPS QUARTERS	Occupancy	Name of quarters, and location, as needed
<u>STATISTICS</u> - Material in connection with inventory of forest products, production records, quota accomplishment reports, storage site records, charts and graphs for guidance of management, etc.	FPS STATISTICS	General	None
<u>Inventory</u> - Material pertaining to inventory of commodities and used in connection with Banking and Finance functions on negotiated cases.		Inventory	Monthly inventory summary, etc., as needed
<u>Marketing</u> - Material pertaining to cost value report, special statis- tical reports on specific projects or problems.		Marketing	Name of Report or Project, etc., as needed
<u>Personnel</u> - Compilations and reports on general FPS personnel matters; turn-over reports, etc.		Personnel	Name of compilation or report
<u>Production</u> - Material pertaining to production quota accomplishment record and report.		Production	District; Area; or Region, as needed
		General	None

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>STUDIES</u> - Material pertaining to special studies relative to OPA prices, new use of specified species, forest practices, processing operations, etc.	FPS STUDIES	Name of Project alphabetically	As needed
		General	None
		Form Revision	As needed
<u>SUPERVISION</u> - Administrative supervision of FPS policies, activities, and procedure; explanation of regulations, interpretation decisions, etc. Revision of forms; FPS Handbook; correspondence concerning meetings, etc.	FPS SUPERVISION	Handbook Revision	As needed
		Meetings	Name of organization or meeting
		General	None
<u>SUPPLY</u> - Material pertaining to procurement of supplies, material, and equipment (procurement of forest products, mills, etc., included under PURCHASE) by FPS or by contractors for FPS; procedure affecting procurement requirements such as exigency statements; rental of equipment; ODT General Order No. 1; gasoline rationing, etc.	FPS SUPPLY	Authorization	Special items, as needed
		Bids	As needed
		Orders	Numerical; Group
		Parts Lists	Motor, etc.
		Priorities	As needed
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		Rental	As needed
		Requisitions	As needed

ORGANIZATION OF FOREST PRODUCTS SERVICE Key Letter "FPS"	PRIMARY (Mandatory)	SECONDARY (add to Primary)	DETAIL (Suggestive)
<u>SUPPLY</u> - (Cont'd)	FPS SUPPLY	Specifications Surplus property Transportation	Classified, as needed List, etc. Freight rates, rout- ings, use of bill of lading, etc.
<u>TRANSPORTATION</u> - Material pertaining to transportation as it relates to FPS program; use of trucks; applica- tion of preventive maintenance require- ments; use of Government-owned and privately owned cars, construction and maintenance of truck roads; rubber con- servation, etc.	FPS TRANSPORTATION	General Cars Trucks Roads	None As needed As needed Project Name or Number, as needed
<u>TRESPASS</u> - Material pertaining to fire or property trespass (civil and criminal) involving Government improvements, forest products, equipment, materials, supplies, etc. (Cases to be foldered individually. When civil action against one person and criminal action against another are in- volved in the same case, make two cases, using names of actual trespassers. When both civil and criminal actions are against the same person, make one case.)	FPS TRESPASS	General Name of tres- passer alpha- betically	None Date, etc., as needed
		General	None

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